

SUSTAINABILITY  
REPORT — 2022



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ACT

PRADA Group

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**PRADA S.p.A.**

HONG KONG  
STOCK CODE: 1913

## Letter to Stakeholders

In 2022 Prada Group's brands have gained momentum and the business has flourished.

We have invested heavily to support growth and profitability, and to strengthen our creative and manufacturing expertise.

Our leadership team has grown. We have added two board members with significant experience in Environmental, Social and Governance (ESG), and the whole Company is becoming more diverse, equitable and inclusive.

We have brought more artisanal skills into our business, and we are training and supporting more craftspeople. They are key to our manufacturing process.

The Prada Group has a short supply chain. Most of our manufacturing partners are not far from our main factories. This way we maximize quality control and transparency, and we can trace raw materials better.

The Group is determined to implement a sustainable business model.

The acquisition of a tannery located in Tuscany is one more step in that direction.

By putting sustainability at the heart of our business, we inspire our customers, make our stakeholders happy and deliver value to our shareholders.

**Our leadership team has grown.  
We have added two board  
members with significant experience  
in Environmental, Social and  
Governance (ESG), and the whole  
Company is becoming more diverse,  
equitable and inclusive.**

**Paolo Zannoni**

Chairperson of Prada S.p.A.

Milan, March 9, 2023

## Message from the Prada Group Head of Corporate Social Responsibility

When we set out our ESG strategy last year, we said our purpose is to be the Drivers of Change. This is a bold ambition, and it requires action at every level of our business. There are many areas where there is still much more to do but I am pleased that in the past year we have continued to challenge ourselves and made excellent progress.

We continued our work to reduce the impact of our operations. Rising energy prices have proved a challenge, but they have also highlighted the importance of transitioning to a cleaner and more sustainable energy supply. We are investing in renewable energy, participating in the Collective Virtual Power Purchase Agreement (CVPPA) project launched by The Fashion Pact that will help spur the adoption of renewable electricity by investing in new green power infrastructure in Europe from 2023.

We are also continuing to think about how we can integrate more sustainable practices throughout our value chain and the acquisition of a stake in Conceria Superior S.p.A. will give us more oversight of our leather supply chain, as well as improve quality control and foster skills and craftsmanship through a more vertically integrated supply chain.

We have also made important progress in understanding the impact of our raw materials at each level of our supply chain, so that we can start to measure and understand our impact on biodiversity. The next step will be to consider where we can take action, and we look forward to continuing our work with our suppliers and partners in the coming months and years to achieve our goals.

**Creating an inclusive culture is another critical aspect of our sustainability journey and ensuring that the Group and its brands continue to attract and retain a diverse range of talent is the real challenge. But this cultural change can only happen if we involve everyone in our organization. We will keep investing in training and education programs, that will help us to protect and value diversity and inclusion over the long term, build an open dialogue and gather different perspectives directly from people on diversity, equity and inclusion.**

I believe sustainability is not only important here and now, but also in creating a greener planet for future generations. I am particularly proud of the work we are doing with our Sea Beyond initiative, which has launched further educational projects on marine preservation this year, investing in future generations' sustainability literacy so that more young people can understand the importance of our oceans.



Beyond our core pillars of Planet, People and Culture, we have continued to weave sustainability into everything we do as a business. We have established a Sustainability Committee to oversee the implementation of our sustainability strategy. We have also formed an Operating Committee, made up of leaders from across our business, to help equip departments with the resources they need to accelerate progress against our goals. With this progress, we are building sustainability into the heart of our business. Our progress this year has laid the foundations for change across our value chain in the years to come. By continuing to drive sustainable change, we will not only remain relevant and inspiring to our customers, but also deliver value for our business and the people and communities it supports.

**Lorenzo Bertelli**

Prada Group Head of Corporate Social Responsibility

# 1. The Prada Group

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## Highlights 2022

at December 31, 2022

€4.2 Billion

2022 Revenues

13,768

Workforce

612

Directly Operated Stores

24

Industrial facilities

€276 Million

Investments in 2022

€4 Million

Donations in 2022





The Prada Group is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the eyewear and fragrance industries under specific licensing agreements stipulated with industry leaders, and with the acquisition of Pasticceria Marchesi 1824, it has made its entry into the food industry, where it is positioned at the highest levels of quality. In 2021, to fully

develop its potential, the Luna Rossa brand also becomes part of the Prada Group following the acquisition of Luna Rossa Challenge S.r.l.. Prada S.p.A. (the "Company" or "Parent Company"), together with its subsidiaries (collectively the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). At December 31, 2022, the Group's products were sold in 70 countries worldwide through 612 Directly Operated Stores (DOS) and a selected network of luxury department stores, independent retailers and franchise stores.

## 1.1 2022 Highlights

2022 was characterized by challenging macroeconomic conditions following the outbreak of war in Ukraine, interest rate hikes and the continued impact of the Covid-19 public health emergency in some countries, particularly China. However, the luxury goods sector, bolstered by strong local demand and some recovery in global tourism flows, demonstrated resilience and provided opportunities for growth.

The Prada Group reported strong growth in net revenues (+21.3% at constant exchange rates compared with 2021), with double-digit growth for both Prada and Miu Miu, and in profitability (EBIT Adjusted +69.2% against 2021, corresponding to 20.1% of net revenues), capitalizing on its investments in creative talent, innovation, supply chain and stores. In addition, the Group increased the focus on client centrality and retail productivity, and continued to optimize manufacturing processes, delivering a substantial profitability improvement.

In Interbrand's "Best Global Brands 2022" ranking, Prada registered more than 20% year-on-year value growth for the second year in a row and ranked among the 15 fastest-growing brands.

Prada also topped the Lyst rankings for the October-December 2022 period; Miu Miu ranked fourth in the same period. Lyst is a data analysis tool that each quarter explores the purchasing habits of more than 200 million consumers worldwide, providing a snapshot of the most loved brands and products of the moment. According to Lyst, Miu Miu was the "2022 Brand of the Year": the successful 2022 Fall/Winter fashion show, highly appreciated by both critics and the public, together with the launch of iconic products, increased the popularity of the brand on social media, also due to the support of celebrities and influencers.

The Group achieved double-digit growth in all the main product categories, i.e. leather goods, ready to wear and footwear. For Prada, Prada Paradoxe, the first women's fragrance created from the Prada-L'Oréal partnership, was launched in August; in October, Prada presented Eternal Gold, its first sustainable fine jewelry collection, made of 100% certified recycled gold. Both Paradoxe, with its refillable bottle, and Eternal Gold embed sustainable practices reflected in every aspect of the Group's business.

At Church's, the focus has been an internal reorganization process with the aim of repositioning the

brand and improving its profitability. As part of this process, 24 stores were closed as they were deemed non-strategic.

The investments in retail proceeded at accelerated pace with 191 projects completed over the year, concentrated on renovations and improvements of existing stores and selective new store openings. The client experience was enhanced with numerous special installations, nearly 130 pop-in and pop-up shops.

Prada Tropico was one of the most successful ones: the colors and atmospheres of whimsical distant lands inspired a fresh new landscape, reinterpreting Prada's visual identity with a contemporary pop vocabulary. The client experience was also the focus, at the beginning of the year, for the rollout of Client Journey, a global project intended to reinforce client centrality through the lens of empathy, warmth, passion and energy.

In the digital arena, starting in June and with a launch per month, Prada Timecapsule gained a new format: each month's exclusive, limited-edition item was sold together with a Non-Fungible Token (NFT), marking the Group's Web 3.0 debut. Simultaneously, Prada released Prada Crypted, the new Discord server for the brand community, where users exchange ideas and draw inspiration from connecting the fashion universe with the worlds of art, architecture, cinema, music, Web3 and more. Prada also debuted in the Meta Avatars Store, the digital fashion store where Facebook, Instagram and Messenger users can buy fashion items for their virtual alter-egos.

On the manufacturing front, the Group continued to invest in its factories and in the vertical integration of the supply chain, to further improve manufacturing expertise and quality control at every step of the process. To this end, in August, the Group acquired a 43.65% stake in Conceria Superior S.p.A., a company with 60 years of experience in exceptional calfskin tanning techniques.

The organization continued to be strengthened at all levels. The appointment of Andrea Guerra as Prada Group CEO in January 2023 represents a fundamental governance change aimed at further evolving the Prada Group and easing the generational transition. Equally significant is the appointment of Gianfranco D'Attis as CEO of the Prada brand in December 2022.

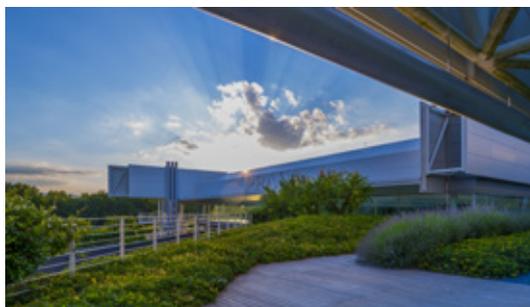
<b>Direct Economic Value Generated and Distributed</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Amounts in thousands of Euro			
<b>Economic Value Generated</b>	<b>2,424,970</b>	<b>3,368,418</b>	<b>4,207,772</b>
<b>Economic Value Distributed</b>	<b>2,255,583</b>	<b>2,961,880</b>	<b>3,713,634</b>
Operating costs	1,545,670	1,941,997	2,281,249
Value distributed to Employees	657,537	744,554	884,987
Value distributed to Banks and Bond Holders	12,613	10,994	11,435
Value distributed to Government Authorities	22,636	151,210	327,187
Value distributed to Investors	-	91,233	179,717
Value distributed to the Community	17,127	21,892	29,059
<b>Economic Value Retained</b>	<b>169,387</b>	<b>406,538</b>	<b>494,138</b>

The consolidated income statement for 2022, presented according to the model of economic value generated and distributed defined by the GRI-201-1 Direct economic value generated and distributed disclosure, shows a retained economic value of Euro 494.1 million, up by 21.5% against 2021. The additional generation of value in 2022 compared to 2021 was partially offset by the increase in the value distributed to public authorities for the higher direct tax, to employees mainly as a result of the larger workforce, and to Shareholders for the dividend payments.



## 1.2 Sustainability Journey

### 2013



Before any mandatory requirement, in 2013 the Prada Group publishes its first Sustainability Report to illustrate the initiatives taken in the area of environmental, social and governance sustainability.

### 2015

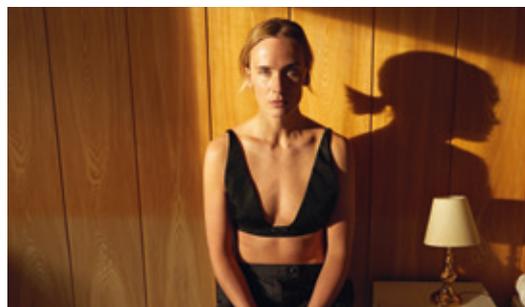
In 2015, the Group's Sustainability Report is prepared for the first time following the GRI (Global Reporting Initiative) Standards, considered the global best practice.

### 2017



In 2017, the Group organizes in Milan the first event of the "Shaping a Future" cycle of conferences with the aim of stimulating a debate on the most significant changes taking place in contemporary society.

### 2019



In 2019, the Prada Group formalizes its commitment to sustainability issues through the drafting and publication of a dedicated Policy. In the same year, the Diversity and Inclusion Advisory Council is established by Prada's USA subsidiary; assisted by prominent personalities from authoritative international academic and cultural institutions, it guides the Group on social sustainability issues, among others. Also in 2019, Prada S.p.A. signs The Fashion Pact among its first signatories, recognizing that only collective action can mitigate the harmful environmental impact of the fashion industry. The Group also launches the first limited edition of bags and accessories entirely realized in Re-Nylon and announces that, starting with the Women's Spring/Summer 2020 collections, it will no longer use animal furs in the creation of its products. Moreover, the same year, Prada S.p.A. is the first company in the luxury goods sector to take out a sustainability-linked loan from the Crédit Agricole Group. Finally, in 2019, the Group promotes Sea Beyond, the educational program to raise awareness of sustainability and ocean preservation developed with UNESCO's Intergovernmental Oceanographic Commission (IOC).

## 2020



In 2020, Lorenzo Bertelli also takes on the role of Head of Corporate Social Responsibility for the Prada Group to give further impetus to the integration of sustainability into the long-term corporate strategy. In the same year, a Chief Diversity, Equity and Inclusion Officer is appointed at the North American subsidiary, with the task of ensuring that diverse cultures and points of view are represented at all levels of the organization. At the end of the year, the Group becomes the first company in the luxury fashion industry to join The Valuable 500, an international coalition whose goal is to strive for an increasingly radical transformation of corporate organizations to include people with disabilities. Finally, in 2020, the Prada Group measures its first carbon footprint, a fundamental step toward defining a climate strategy.

## 2021



2021 marks a turning point for many aspects related to the Prada Group's sustainable development. The strengthening of sustainability governance is a prime example,

thanks to Lorenzo Bertelli's joining the Prada S.p.A. Board of Directors while being the Prada Group's Head of Corporate Social Responsibility, together with the decision to form a Board level Committee dedicated to environmental and social sustainability issues and the selection of two new Prada S.p.A. Board members with significant professional ESG (Environmental, Social and Governance) experience. Furthermore, the Prada S.p.A. Board members approve the Group's strategic sustainability guidelines and, during the year, receive training on the main sustainability issues and industry trends.

Also in 2021, the Group defines its climate strategy, submitting its GHG emissions reduction targets to the Science Based Targets initiative (SBTi) and participating for the first time in the Climate Change questionnaire of the CDP (Carbon Disclosure Project), presenting the progress of this long-term journey during the Capital Markets Day held in November. On that same occasion, Lorenzo Bertelli announces the Group's Sustainability Strategy and the concrete actions ahead to achieve the quantitative targets approved by SBTi, and confirms the progress made, both internally and externally, on the Diversity, Equity and Inclusion commitment. The Group secures two new sustainability-linked loans during the year and organizes specific training programs for the Industrial Divisions to provide constantly updated tools for managing and analyzing the sustainability issues that most impact the supply chain. Finally, in 2021, the Prada Group achieves full conversion to Re-Nylon and launches the second edition of Sea Beyond, in partnership with UNESCO-IOC.

## 2022



In 2022, the Prada Group benefits from the robust contribution of the Sustainability Committee, which, having oversight of the Group's ESG strategy, establishes a dedicated Operating Committee consisting of key management from across the business to ensure that sustainability is built into the operating performance of all departments. During the year, the Group updates its Code of Ethics and introduces a new Policy on Human Rights, as well as a new global whistleblowing platform, further strengthening the Company's governance. During the period, the Prada Group expands its production integration strategy through the acquisition of a 43.65% stake in Conceria Superior S.p.A., an important tannery in the luxury sector located in Santa Croce (Tuscany), as part of its vertical integration strategy, meaning it can exert greater control over its supply chain and increase its manufacturing know-how and quality control at all stages of the process. A forerunner of technological innovation and green energy transition, in December 2022 the Prada Group also announces the Collective Virtual Power Purchase Agreement (CVPPA) initiative along with other signatories of The Fashion Pact. The project aims to spur the adoption of renewable electricity by investing in new green power infrastructure in Europe from 2023. The Group reaffirms its environmental commitment thanks in part to strategic partnerships such as the Re.Crea Consortium - created with other prominent Italian luxury brands - to manage end-of-

life textile and fashion products, and support circularity. Moreover, the Prada Group supports the international award-winning urban forestation project Forestami, which plans to plant 3 million trees in and around Milan by 2030.

Under the pillar People, the Prada Group launches an ambitious Diversity, Equity and Inclusion (DE&I) project that aims to produce a cultural evolution within the organization. Conducted with a multidisciplinary working group and specialized external partner, the work has led to the formulation of a concrete action plan to be implemented in the next two years and was presented to the employees in Italy as part of the internal communication and people engagement project, Drivers of Change.

Significant progress has been made by the Prada Group's North American subsidiary in strategic partnerships due to the startup of DE&I programs with non-governmental entities and prominent American universities. As part of its cultural engagement, the Group continues to provide specialized training and valuable resources focused on specific groups of the Company's population. As evidence of this remarkable investment in culture and education, the Group receives the Oceans Award for its educational program on ocean preservation Sea Beyond - in collaboration with UNESCO-IOC - during the "Sustainable Fashion Awards 2022" event organized by Camera Nazionale della Moda Italiana (CNMI).

More information about the history of the Prada Group can be found in the corporate website [www.pradagroup.com](http://www.pradagroup.com).

# 1.3 Value Creation

The success of the Group's brands is based on the original business model, which combines skilled craftsmanship with industrial manufacturing processes. This integration enables the Group to translate its innovative fashion concepts into viable commercial products, while retaining flexible capacity, technical control over know-how, quality and sustainability standards, as well as production costs.

STYLE & DESIGN  
AND PRODUCT  
DEVELOPMENT

COLLECTION  
OF ORDERS

- Showroom Presentation
- Sales Campaign
- Fashion Shows

SOURCING

- Quality Control
- Worker Safety

PRODUCTION

DISTRIBUTION

Direct Distribution  
91%

Indirect Distribution  
9%

## Creativity

Close observation and curiosity about the world are at the very origin of the Prada Group's creativity and modern outlook. In society — and therefore in fashion, which in many ways reflects it — the only constant is change. The transformation and innovation of conventions, underlying all evolution, have led us to interact with different cultural spheres both near and apparently far, helping us capture and anticipate the spirit of the times. Today this is no longer enough: **we must be the Drivers of Change**, with the flexibility to translate the demands of the market and society into tangible actions that guide us every day in our business.

Miuccia Prada and Patrizio Bertelli

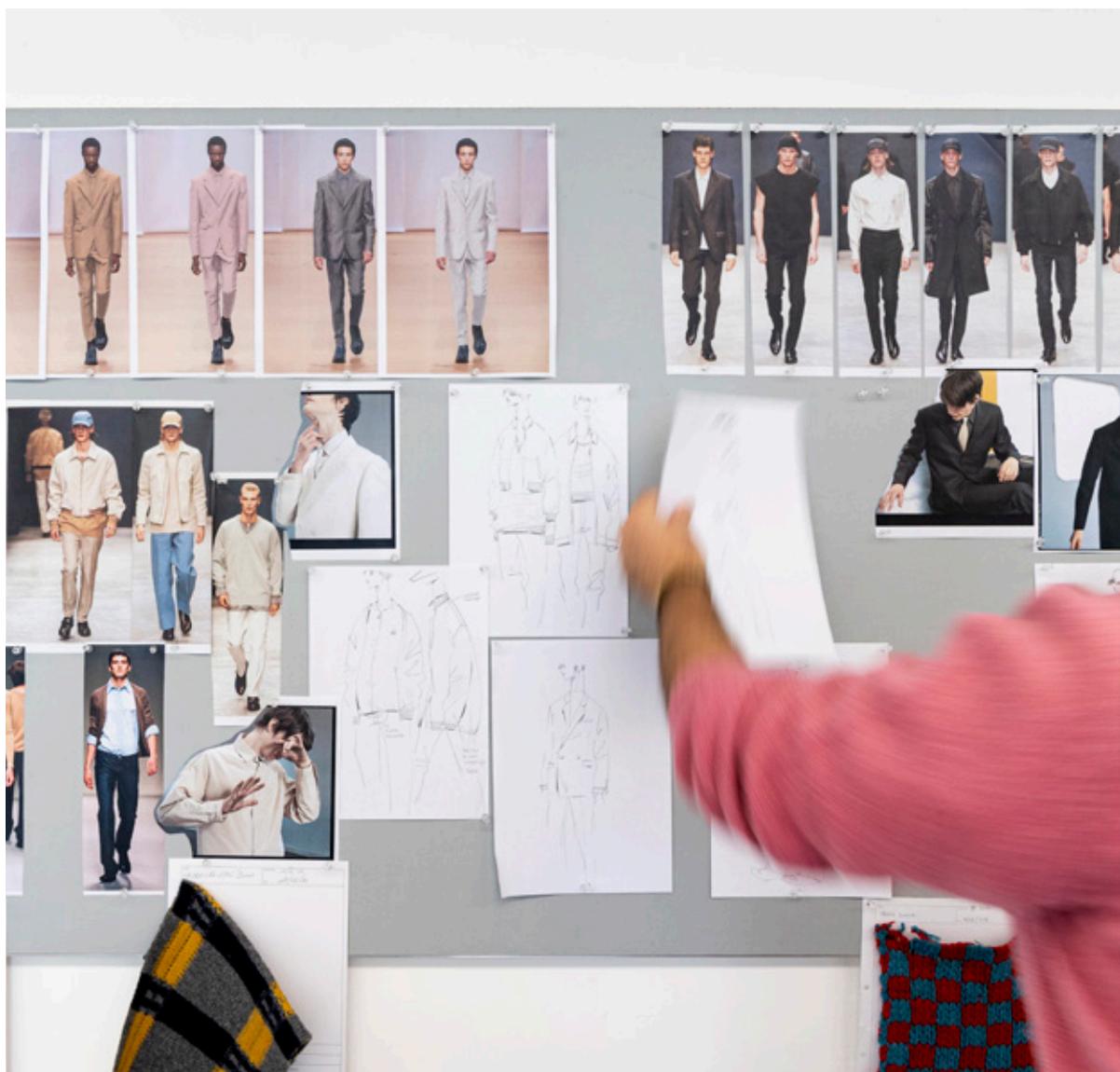


Creativity is at the heart of the manufacturing process of the Prada Group. Miuccia Prada has the talent to combine intellectual curiosity, the pursuit of new and unconventional ideas, and cultural and social interests with a strong sense of fashion. This has made it possible to establish a genuine design culture, based on method and discipline, which guides everyone who works in the creative process. In 2020, with the appointment of Raf Simons as Co-Creative Director of the Prada brand, in partnership with Miuccia Prada, the Group has defined a new model of creative authorship, underlining the relevance and power of dialogue.

With this unique approach, Prada anticipates trends and often influences them, while continually experimenting with new designs, fabrics and production techniques. Experimentation and idea-sharing are the essential

components of the design process throughout the Group. The time spent at the drawing board and in the testing room on design research and development is fundamental to formulating each collection so that the clothing, footwear and accessories complement each other and create a well-defined image reflecting the brands.

Prada's flair and the strong appeal of its tradition and quality standards continue to attract talented people from all over the world who want to share the creative experience. This results in teams involved at all stages of the creative process: from fashion design to manufacture, from architecture to communication and photography, from store interior design to all the unique and special projects in which the Prada Group is involved.



## Raw Material Procurement and Industrial Production

Prada Group's defining asset, know-how, creates continuity and balance between creativity and discipline, tradition and technological progress, craftsmanship and industrial production.

Group's approach to manufacturing is substantially based on two key principles: the vocation for craftsmanship, which is an essential asset for production and a unique distinction for every brand, and the constant innovation, ensuring the continuous evolution of skills and expertise.

Raw materials are an essential part of product quality and are of primary importance for all the Group's brands. In many cases the fabrics and leather are made especially for Prada, according to stringent technical and style specifications that guarantee excellence.

Constant search for new materials has always been part of the Prada Group's DNA since the very beginning.

The Prada Group's products are manufactured in the 24 directly owned production sites (21 in Italy, 1 in England, 1 in France and 1 in Romania), in addition to a wide network of selected, as well as closely monitored, industrial manufacturers, which are supplied with internally made raw materials, patterns and prototypes. This system, which enables close oversight of each step of the process and ensures high-quality workmanship, emphasizes the manufacturing excellence of each facility and guarantees significant flexibility in the organization of production.

Industrial capacity represents a competitive advantage for the Group, strengthened through the continuous research and experimentation of materials and production techniques, as well as investments in facilities, supply chain and people.

The core of production's employees has worked for the Prada Group for around 20 years in average; this ensures an extremely high level of specialization, together with an in-depth knowledge and alignment with the Group's brands unique concept. In recent years, through Prada Group Academy, Prada has heavily invested not only in enhancing the skills of its employees in general, but above all in transmitting the Group's values and production know-how to the younger generations.

The Group employs considerable resources to ensure excellence in the quality of its raw materials and processing of its products, and in such manner also protects the health and safety of the employees and

consumers. Each industrial division employs technicians whose responsibility is to ensure the achievement of these goals through strict controls over incoming and outgoing materials and daily visits to external production sites. Product and process controls not only ensure that standards are being met, but also contribute to ongoing improvement.

The Industrial Compliance Office ensures that the production and distribution of its products worldwide always comply with applicable laws. The Office also has to grant the compliance with all current legislation, and the development of standards and procedures that are often more stringent than those required by law. The ultimate goal is to be proactive with respect to the entire system, made up of employees, clients, manufacturers and the outside environment as a whole.

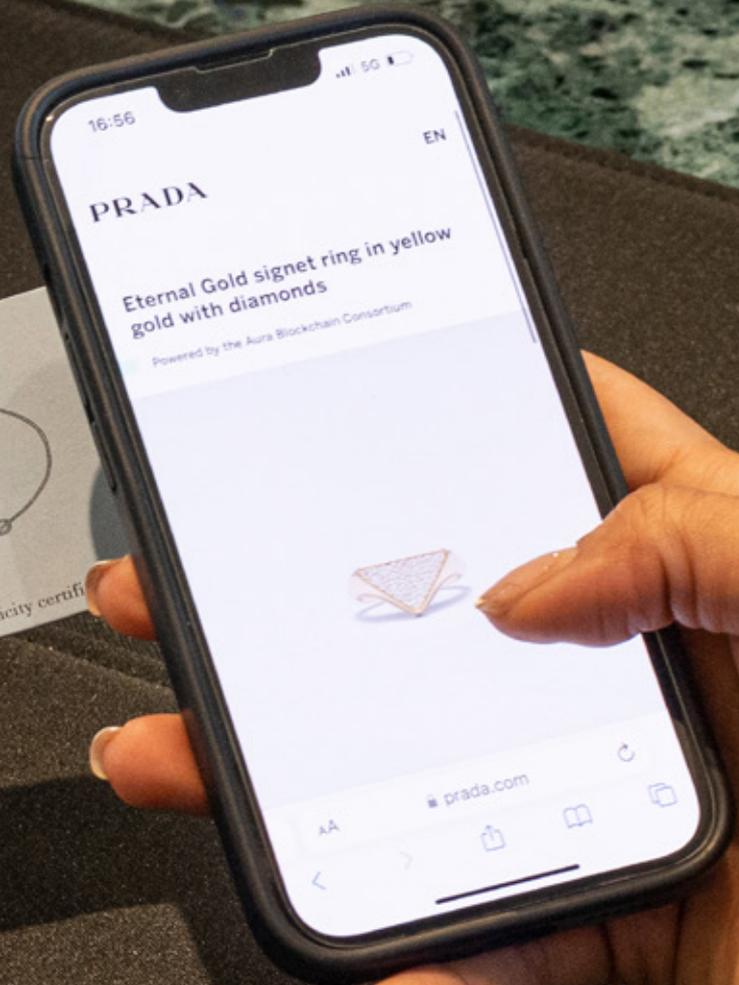
## Distribution

Over the years, the Group has expanded its distribution network to 612 Directly Operated Stores (DOS) in the most prestigious locations of the major international shopping destinations, consistent with the image, heritage and exclusivity of each brand. This extensive network, subject of continuous research and renovation, is a true asset for the Group as it showcases the new collections and is the fulcrum of the omni-channel strategy. The proprietary E-commerce sites complete the direct customer journey by offering a constantly evolving shopping experience integrated with physical stores. The DOS serve as more than a primary sales function as they are also an important means of communication: they are the true ambassadors of the brand, conveying the image of each brand consistently. The DOS are integrated with the E-commerce strategy and allow the Group to monitor in real time the sales performance of the various markets for each brand and product category.

The wholesale channel (department stores, multi-brand stores and franchisees) provides additional venues selected based on their prestigious location and enables direct, immediate comparison with the competition. The Group's significant developments in the digital world have allowed to consolidate important partnerships, including top online retailers (E-tailers).

As at December 31, 2022, the retail channel generates 91% of the Prada Group's consolidated sales while the wholesale channel accounts for the remaining 9%.

**In 2022, the retail channel generates 91% of the Prada Group's consolidated sales while the wholesale channel accounts for the remaining 9%.**



## Customer Centricity and Digital Acceleration

Consistently with the Prada Group's overall long-term growth strategy, the key objective of the Retail Innovation & Commercial Department, which is part of the Marketing Department, has been to further accelerate and consolidate the digital transformation process that began in the past few years.

Reinforcing its commitment and focus to a customer-centric approach, as a core element to enrich the retail and omni-channel experience, in 2022 the Group kept investing on human-led touchpoints considered one of the main levers to nurturing intimate relationships with customers and, ultimately, driving loyalty. Investments in "Human Touch" principles have been helping to empower sales staff in engaging with clients through unique and personalized experiences to maximize the bond with brands.

Group's commitment continued the activation of the entire marketing ecosystem and new digital tools to enable sales personnel to deliver elevated experiences to customers with more personalized offers in terms of products, contents and timing.

In 2022, the online channel achieved strong performances maintaining the solid trend recorded in previous years, both in terms of revenues growth and

overall channel relevance on the Group's economic results. A key enabler for these results was represented by the strong focus on initiatives aimed at further enhancing customer experience with key strategic improvements across all digital touch points, including content enrichment, purchase funnel optimization, operational and technological performance improvements, while expanding the Group's footprint in key selected digital ecosystems.

During the year, a major milestone for the future evolution of digital channels and applications has been the launch of the Digital Transformation investment program, which envisages the adoption of best-of-breed technological solutions aimed at further boosting the Group's digital growth strategy for the coming years. The Prada Group will keep focusing on its client as epicenter for the design of its value proposition for all brands, while further expanding its footprint towards new and innovative ecosystems, both physical and digital.

This will be also pursued by improving the ability to deliver tailor made experiences to meet the evolving customer needs and raised expectations, while carrying on with the adoption of innovative technologies and applications.

**The Prada Group will keep focusing on its client as epicenter for the design of its value proposition for all brands, while further expanding its footprint towards new and innovative ecosystems, both physical and digital.**



## Sustainable Finance

Within a broad vision of gradually integrating sustainability into business operations, the Prada Group has been the first in the luxury industry to sign sustainability-linked loans, which are financial facilities with a mechanism that, upon the achievement of quantitative targets in the sustainability field, allow a reduction in the interest rate.

In 2019, a first loan was signed with Crédit Agricole Group and in 2020 a second loan followed with the Japanese Bank Mizuho.

Both facilities are linked to a progress plan throughout the duration of the contract on the following issues:

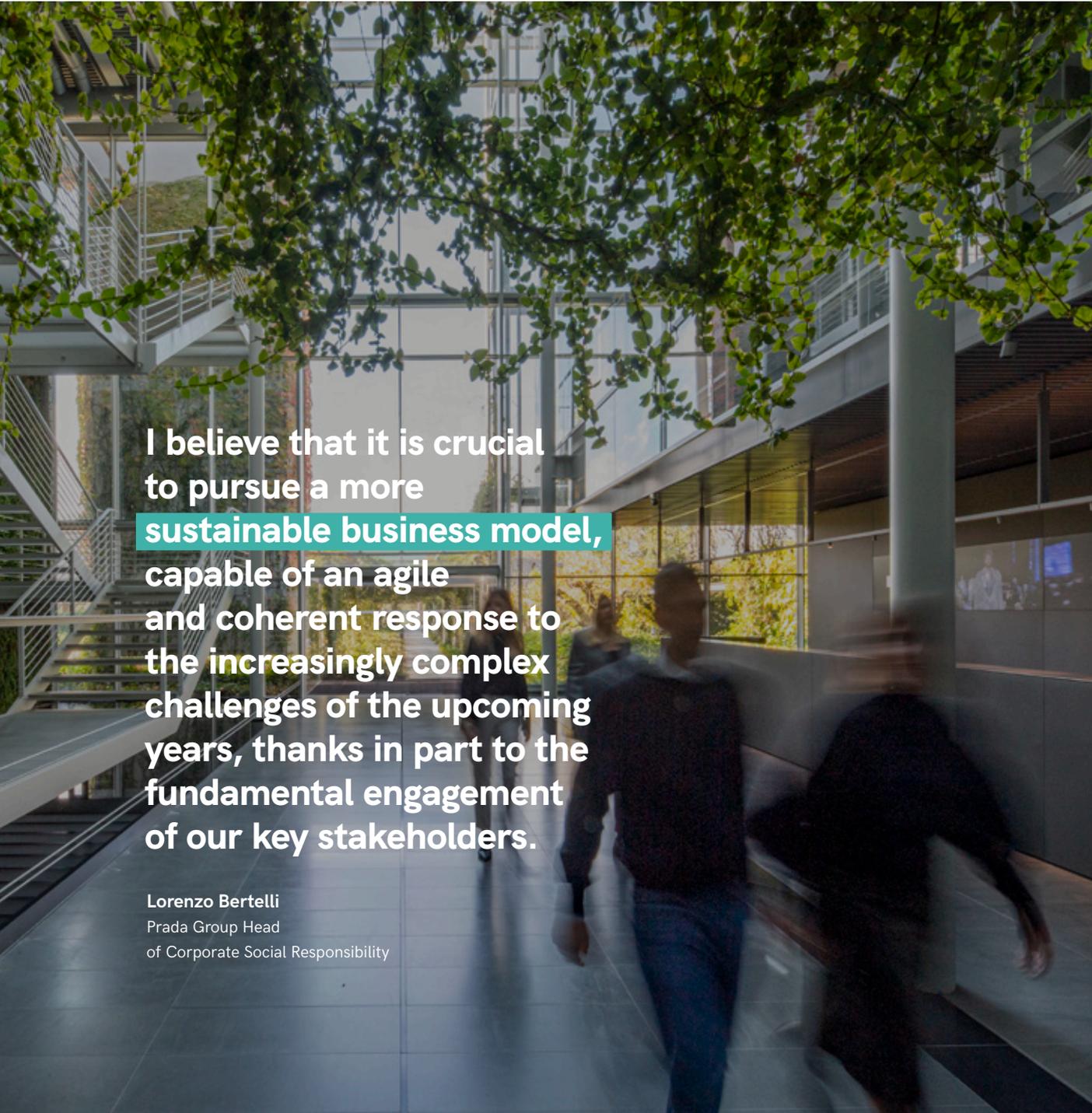
- the number of stores assigned of a LEED Gold or Platinum Certification;
- the amount of training hours for Group's employees;
- the use of Prada Re-Nylon (regenerated nylon) for the production of goods.

In 2021, the Prada Group signed two other loans of this type with Banca Intesa Sanpaolo and UniCredit. These last facilities are linked to the following KPIs linked to sustainability progress within the organization in terms of circularity and climate strategy:

- the regeneration and reconversion of production waste;
- the increasing of the share of self-produced energy.

## 1.4 Sustainability Strategy

The Prada Group's strategic choices have always been guided by a desire for lasting success that benefits all its stakeholders, be they shareholders, employees, customers or the communities in which the Group operates. Sustainability has been progressively integrated in the corporate strategy and, together with a continuous and transparent dialogue with stakeholders, has become key to strengthen the identity of the Group and its competitive edge. To face contemporary and future challenges and grant a long-term sustainable development, the Prada Group is reinforcing the already high standards of corporate governance thanks to a new set of Group's policies, reaffirming its responsible approach overall.

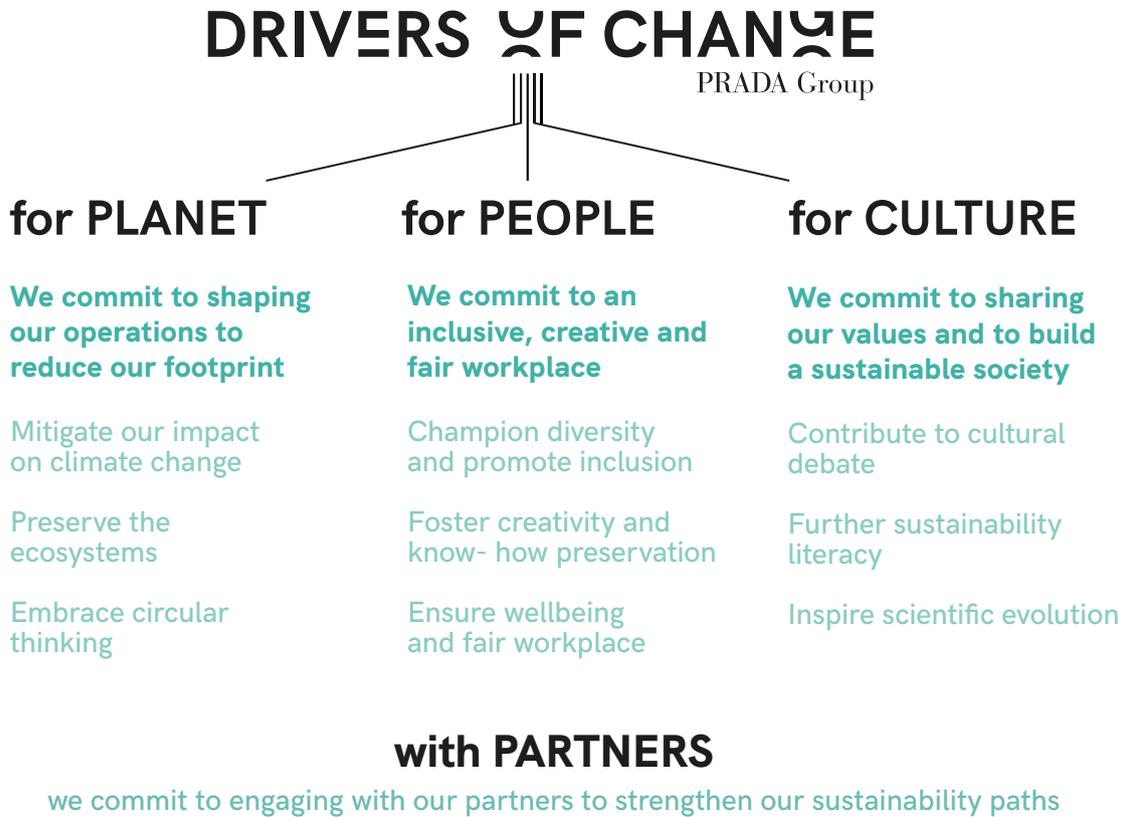


I believe that it is crucial to pursue a more **sustainable business model**, capable of an agile and coherent response to the increasingly complex challenges of the upcoming years, thanks in part to the fundamental engagement of our key stakeholders.

**Lorenzo Bertelli**  
Prada Group Head  
of Corporate Social Responsibility

The first milestone underpinning the broader Board of Directors' commitment has been the formalization of its Sustainability Policy, back in 2019, that put the foundation of Company's sustainability focus based on three pillars - Planet, People and Culture - where the Group firmly believes it can provide the greatest contribution in terms of returning value to its own

industry and to benefit society as a whole. Developed in 2021, the Prada Group Sustainability Strategy IMPACT aims at consolidating this commitment, identifying for each line of action medium and long-term objectives on the basis of which quantitative targets are formalized, to guide future actions in the sustainability field.



Approved by Prada S.p.A.'s Board of Directors in 2021, the Group's Sustainability Strategy is the blueprint of a long process of growth and is based on the values, principles and priorities that have always defined Prada's DNA and demonstrate, by being Drivers of Change, continuity between past actions and future projects.

The **for Planet** pillar sets out environmental impact reduction goals, including the attainment of Carbon Neutrality for all Prada Group's operations starting from 2022 and the targets approved by the Science-Based Targets initiative (SBTi) for

reducing Scope 1, 2 and 3 greenhouse gases emissions (aligned with Business Ambition 1.5°C), extensive use of alternative low-impact materials for both finished products and packaging, and an approach more geared toward circularity for the materials used in production and with other purposes such as shows and events, whose scraps are reintroduced to new circuits and reused. The strategy also focuses on raw materials traceability and continuous improvement of social and environmental standards along the supply chain, thanks to close collaboration with suppliers.

The **for People** pillar sets out initiatives to promote and enhance diversity, equity and inclusion, as well as the advancement of an inclusive culture based on respect for each person at every level of the organization and in the fashion industry in general. It also comprises a long-term investment to preserve craftsmanship and develop new talents, positioning Prada as a beacon of excellence for new generations. Respect for and protection of the Group's workers and business partners is another key element, along with greater monitoring of employee engagement levels to improve employees' personal and professional wellness.

The **for Culture** pillar summarizes the Group's constant investment in the preservation and dissemination of Italian and international cultural heritage as well as in nature and science, underlining the Group's active role as a promoter and educator.

The Prada Group views these strategies as part of a broader responsibility toward the community in which it operates and, for this reason, working closely with its suppliers and other partners across all key areas is essential to achieving its biggest goals.

The sustainability landscape is changing fast, as are the resulting risks and opportunities presented to the business. As such, the strategy will remain an evolving plan that continues to be improved and updated over time to respond to the needs and expectations of Group's stakeholders and the shifting market conditions within which it operates.

The topics covered in this Report have been reviewed and deemed relevant, having taken into consideration the impacts associated with the organization's business activities, also thanks to the materiality analysis that makes possible to define the priority actions in respect of the strategy, on which the Group focused in 2022.



# 1.5 Stakeholders and Materiality Analysis

## Prada Group’s Stakeholders

The Prada Group operates in a dynamic context interacting with many stakeholders, all of which can directly or indirectly influence or be influenced by the achievement of business objectives; transparency and open dialogue with these stakeholders are fundamental to the pursuit of sustainable growth and long-term value creation. The Group has mapped the main categories of stakeholders operating along its value chain on the basis of two criteria:

- **Influence on the Prada Group:** the ability to affect the Company’s strategic or operational decisions;
- **Dependence on the Group:** the extent to which the stakeholder is dependent on the Company’s decisions, products and activities.



Over the years, the Prada Group has promoted numerous engagement interactions and activities with its main stakeholders, in a perspective of mutual learning and sharing, with the aim of identifying their

expectations and incorporating them into the Group’s business objectives. In pursuit of its goals, the Group actively participates in coalitions with its stakeholders or as part of multi-party coalitions.



The table below lists the material topics that reflect the negative sustainability impacts that could be associated to the Prada Group's value chain.

The following chapters of this Report describe the actions taken by the Group to mitigate and minimize these impacts.

	Material Topic	Value Chain			Potentiality
		Upstream	Direct	Downstream	
Environment	<p><b>Climate Change</b></p> <p>The Prada Group's sourcing processes, as well as its core business, contribute to climate change due to the release of greenhouse gas emissions. In particular, the breeding and cultivation phases appear to contribute significantly to climate change.</p>				Effective
	<p><b>Biodiversity &amp; Animal Welfare</b></p> <p>The fashion industry is highly dependent on biodiversity, using natural raw materials to produce fabrics and packaging; but it also has a significant impact on it, contributing to direct or indirect damage to ecosystems.</p> <p>The fashion industry's impact on biodiversity is mainly linked to the upstream stages of the value chain, in particular the production of raw materials and the preparation and processing of materials. The production of raw materials includes animal farming, which can have an impact on animal welfare if not managed ethically.</p>				Effective
	<p><b>Water Resources</b></p> <p>The Prada Group's supply chain, particularly its breeding and cultivation activities, requires large amounts of water. Inefficient use of water resources has a greater impact in areas already under water stress, causing economic damage to the local economy. In addition, failure to manage water discharges from industrial activities related to leather and fabrics processing has a negative impact on water quality and damages ecosystems and the health of local communities. Finally, the issue of products microplastics, which can be dispersed in waste water during the product washing process and have a negative impact on marine life, is of particular importance.</p>				Effective
	<p><b>Waste Management</b></p> <p>The fashion sector is characterized by several activities that generate large quantities of waste, both hazardous and non-hazardous. Inadequate waste management can have negative impacts on local ecosystems and communities, which can extend beyond the places where the waste is generated and disposed of.</p>				Effective
	<p><b>Product End-of-life</b></p> <p>The fashion sector is characterized by products that are difficult to recycle; textile waste is often landfilled or incinerated. The problem of difficulty in recycling finished products depends on many factors, including product design and the lack of end-of-life collection systems.</p>				Effective

	Material Topic	Value Chain			Potentiality
		Upstream	Direct	Downstream	
<div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #4CAF50; color: white; padding: 5px; text-align: center;">People</div>	<p><b>Human Rights</b></p> <p>The fashion industry is characterized by global supply chains, which increases the risk of human rights abuses, particularly with regard to issues such as forced labor and child labor. The Prada Group’s commitment to greater control of its supply chain and the vertical integration of its production processes ensures that the impact is configured as potential, thereby reducing the likelihood of occurrence.</p>				Potential
	<p><b>Diversity &amp; Inclusion</b></p> <p>A non-inclusive work environment and a lack of respect for diversity and equal opportunities can lead to discrimination in terms of pay, wellbeing and career development, negatively impacting on personal and professional growth opportunities and human dignity.</p>				Potential
	<p><b>Occupational Health &amp; Safety</b></p> <p>The fashion industry is intrinsically linked to various health risks, such as chemical exposure from the processing and dyeing of materials. In addition, global supply chains increase exposure to potential occupational safety incidents.</p>				Effective
	<p><b>Anti-Corruption</b></p> <p>In conducting its business, the Group’s size and scale may expose it to unethical or improper practices, including corruption.</p>				Potential
	<p><b>Marketing &amp; Labeling</b></p> <p>Unclear and misleading communication through misleading advertising or omission of key information has a negative impact on consumers, preventing them from making informed and ethical choices, especially in light of the growing risk of greenwashing in the fashion industry.</p>				Potential
	<p><b>Consumer Health &amp; Safety</b></p> <p>In the absence of adequate product quality control systems, that take into account the use of chemical substances in products, unsafe and harmful products could be placed on the market.</p>				Potential
	<div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #4CAF50; color: white; padding: 5px; text-align: center;">Business &amp; Ethics</div>				



On the other hand, the table below lists the material topics that reflect the **positive impacts of the Group's activities on its stakeholders.**

## People

### Training & Education

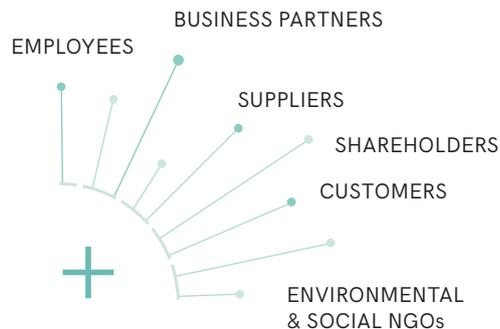
An adequate number of training hours empowers employees. The Prada Group is committed to promoting the professional development of all its employees.

### STAKEHOLDERS BENEFITED



### Sustainability Education

The Prada Group is committed to spreading a culture of sustainability to all its stakeholders, to share the Group's efforts towards a more sustainable business model. Among its initiatives, the Sea Beyond program, in partnership with UNESCO-IOC, stands out.



# Community

## Artistic & Cultural Heritage

The Group’s continuous investment in the preservation and diffusion of Italian and international cultural heritage, both artistic and environmental, through the support of culture and the avant-garde arts, is a distinctive and intrinsic part of the DNA of the Prada Group. The Group’s commitment benefits society as a whole.

## STAKEHOLDERS BENEFITED



## Scientific Evolution

Through its active role as an educator, and to its ongoing commitment to innovation through funding and partnership, the Company helps to broaden the horizons of the exchange of ideas and scientific development. The Group is also committed to supporting the scientific community by funding scholarships, grants and donations to universities.



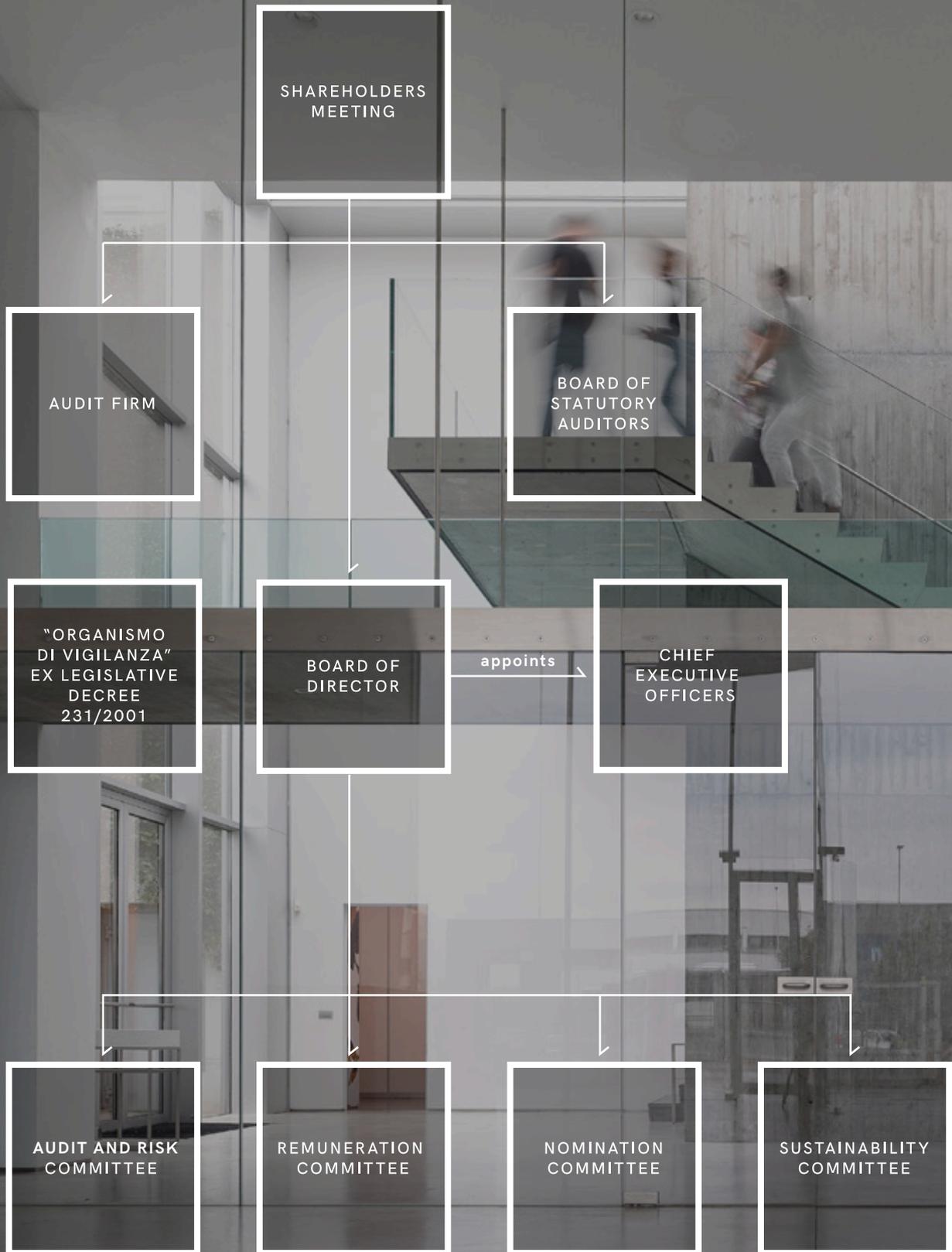
## Craftsmanship & Savoir-faire

By encouraging craftsmanship in the creation of its products, the Group protects the know-how of artisans and promotes manufacturing with a positive impact on the local economy, the maintenance of traditions, and on the protection of quality jobs.



The list of material topics, not reported in priority order, was approved by the Group’s Sustainability Committee. A detailed description of the process used to identify the impacts, as well as the correlation between material topics, GRI topics and the Hong Kong Stock Exchange subject areas, is reported in chapter 6 “Notes on the Methodology”.

# 1.6 Corporate Governance Model



The corporate governance model adopted by the Company consists of a set of rules and standards aimed toward establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholders' value and to uphold the Group's credibility and reputation. The Company is seamlessly engaged in maintaining a high standard of corporate governance to create long-lasting sustainable value for the shareholders and for all the stakeholders.

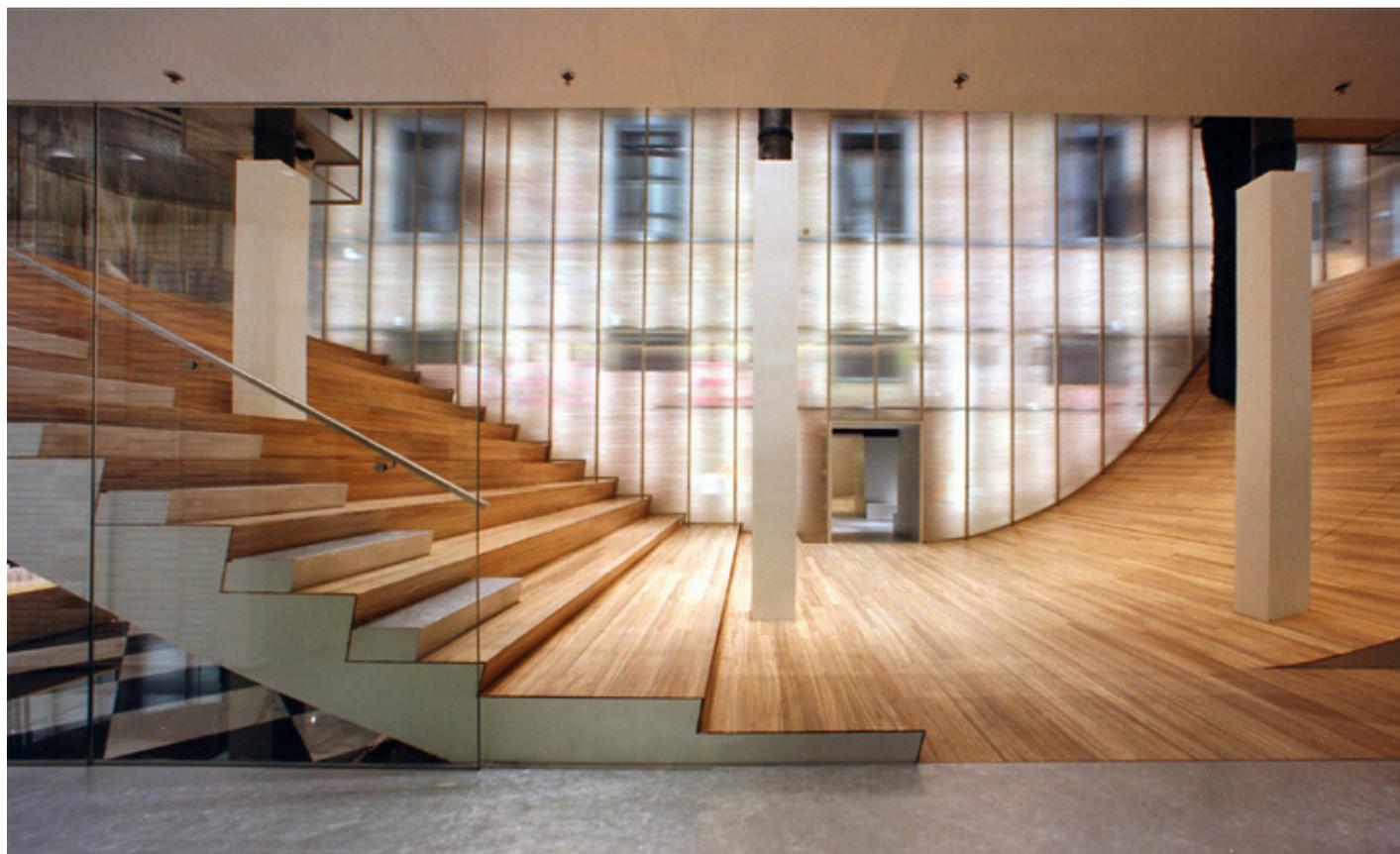
The corporate governance model adopted by the Company complies with the applicable laws and regulations in Italy, where the Company is incorporated, as well as with the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange where its shares are listed.

The Company has adopted a traditional governance and control system, in compliance with the Italian Civil Code, consisting of a management body, the Board of Directors, a supervisory body, the Board of Statutory Auditors, and an auditing and accounting control body, the Audit Firm. The Board of Directors has also appointed a supervisory body, the "Organismo di Vigilanza", under Legislative Decree n. 231/2001. The Board of Directors is the Company's highest decision-making body vested with all the ordinary and extraordinary management powers. The Board of Directors can also discharge its responsibilities through delegation; to this respect, the Company has adopted a system of delegated powers and powers of attorneys

aimed at ensuring the segregation of duties and the efficient and regular performance of the activities in accordance with the procedures adopted by the Company itself.

With a view to achieving a sustainable and balanced development, the Company views diversity at the Board level as an essential element to attain its strategic objectives and its development. All Board appointments are based on merit and candidates are proposed and selected based on objective criteria, with due regard for diversity within the Board. Diversity encompasses a wide range of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and nationality.

The current Board of Directors was appointed by the Shareholders' Meetings of the Company held on May 27, 2021 and January 28, 2022, while Mr. Andrea Bonini and Mr. Andrea Guerra were appointed, respectively, during the Board of Directors' meetings held on November 8, 2022 and January 26, 2023, by means of the so-called "cooptation"; this means that, for the time being, their appointment shall be confirmed, or not, by the shareholders during the 2023 Annual General Meeting. If so elected, they shall lapse at the same time as the other current Directors (i.e. on the date of the Shareholders' Meeting to be called to approve the financial statements of the Company for the year ending December 31, 2023). As at the date of this Report, the Board is currently made up of six Executive Directors and five Independent Non-Executive Directors.





All Directors have distinguished themselves in their respective areas of expertise and provided valid support to the Board of Directors in their respective functions. The Board of Directors is responsible for the ordinary and extraordinary management of the Company and discharges its duties by carrying out all acts it deems necessary or useful to implement and attain the Company's corporate purpose, except for those acts specifically reserved for approval by the shareholders' general meeting by relevant laws or the By-laws. In particular, the Board of Directors is responsible for setting the overall strategy, as well as reviewing the operational and financial performance of the Company and the Group. Therefore, the Board considers and

resolves on all matters concerning the overall Group strategy, the Group's strategic objectives, the annual budget, annual and interim results, approval of major transactions, connected transactions and any other significant operational and financial matters. In addition, the Board of Directors has the overall responsibility for setting and monitoring the Group's sustainability strategy and for ensuring that appropriate and effective internal control and risk management system is in place.

In 2021, Board members were trained on ESG issues, and in 2023 the Group plans new learning activities to enhance the Board's expertise on key sustainability issues.

**The Board of Directors has the overall responsibility for setting and monitoring the Group's sustainability strategy and for ensuring that appropriate and effective internal control and risk management system is in place.**

## Board of Directors

	Role	Gender	Age
<b>Executive Directors</b>			
Paolo Zannoni	Chairperson	M	> 50
Miuccia Prada Bianchi		F	> 50
Patrizio Bertelli		M	> 50
Andrea Guerra	Chief Executive Officer	M	> 50
Lorenzo Bertelli		M	30 - 50
Andrea Bonini	Chief Financial Officer	M	30 - 50
<b>Independent Non-Executive Directors</b>			
Marina Sylvia Caprotti		F	30 - 50
Maurizio Cereda		M	> 50
Yoël Zaoui		M	> 50
Pamela Yvonne Culpepper		F	> 50
Anna Maria Rugarli		F	30 - 50

The Board of Directors' discharge of duties is supported by the consulting and advisory activity carried out by the committees it has set up (the "Committees"), namely the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee. Each Committee is chaired by, and made of, a majority of Independent Non-Executive Directors.

### Audit and Risk Committee

The Audit and Risk Committee advises and makes recommendations to the Board on financial statements and reports to ensure the Company's accounting methods are appropriate and reliable. It also checks the

adequacy and effectiveness of the internal control and risk management system. It recommends the appointment of the Company's external audit firm and assesses its independence.

	Role	Gender	Age
Yoël Zaoui	Chairperson	M	> 50
Marina Sylvia Caprotti		F	30 - 50
Maurizio Cereda		M	> 50

## Nomination Committee

The Nomination Committee advises and makes recommendations to the Board on its composition and on the appointment and succession plans of Directors. It also assesses Directors' independence based on criteria set by the Listing Rules.

	Role	Gender	Age
Maurizio Cereda	Chairperson	M	> 50
Lorenzo Bertelli		M	30 - 50
Marina Sylvia Caprotti		F	30 - 50

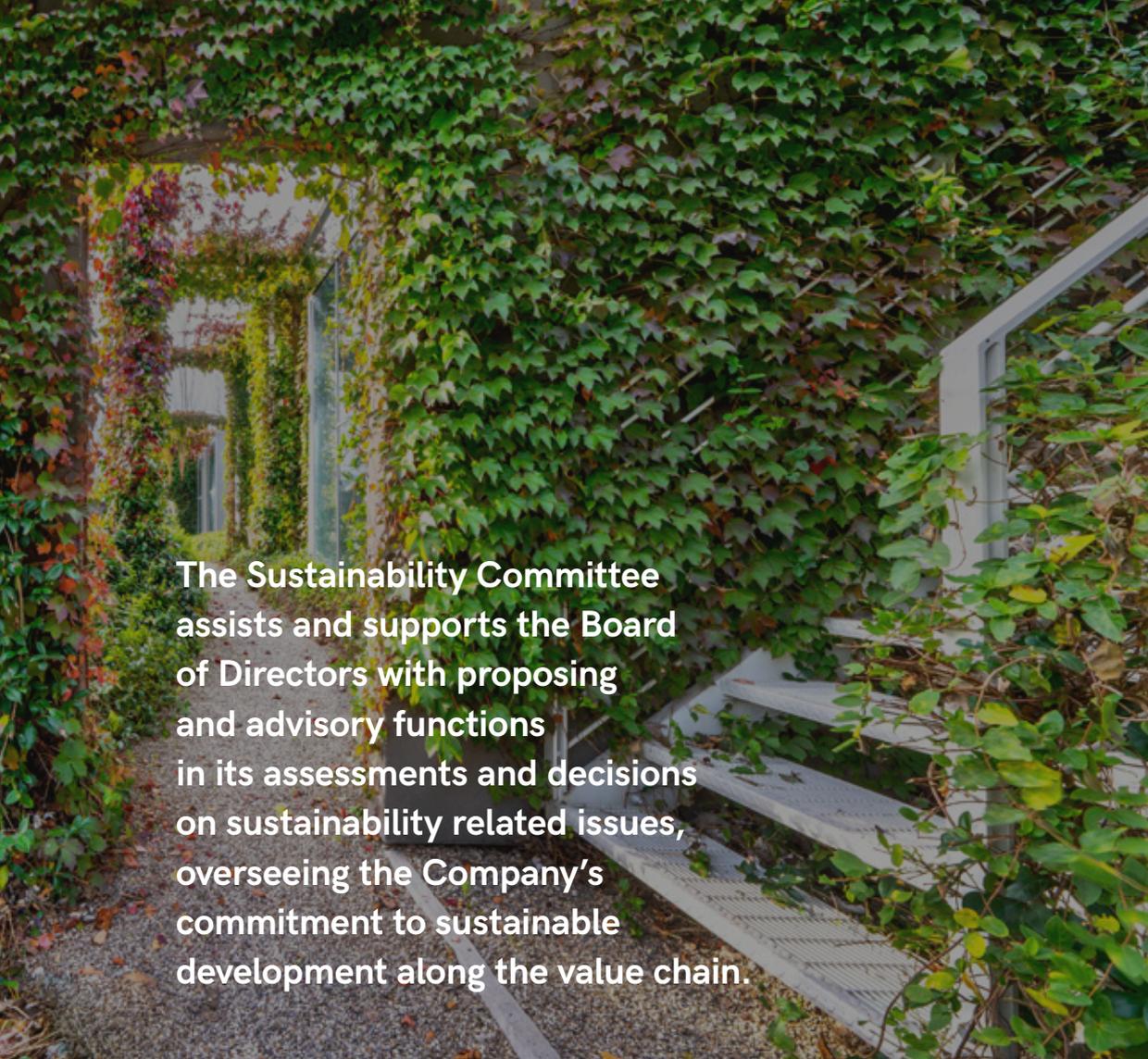
## Remuneration Committee

The Remuneration Committee advises and makes recommendation to the Board on the Remuneration Policy for Company's Directors and Executives. This Committee may engage independent external consultants to give advice of remuneration of the Board of Directors or Senior Managers at the Company's expenses. More information about the Prada Group's Remuneration

Policy is disclosed in the Corporate Governance section contained in the 2022 Annual Report.

Moreover, in Note to the consolidated financial statements of the Annual Report 2022, the remuneration of the Company Board of Directors, the five highest paid individuals and senior managers is reported for 2022 and previous year.

	Role	Gender	Age
Marina Sylvia Caprotti	Chairperson	F	30 - 50
Paolo Zannoni		M	> 50
Yoël Zaoui		M	> 50



**The Sustainability Committee assists and supports the Board of Directors with proposing and advisory functions in its assessments and decisions on sustainability related issues, overseeing the Company's commitment to sustainable development along the value chain.**

## Sustainability Committee

The Sustainability Committee assists and supports the Board of Directors with proposing and advisory functions in its assessments and decisions on sustainability related issues, overseeing the Company's commitment to sustainable development along the value chain. It supports the Board defining strategic sustainability

guidelines and the relevant policies, as well as drafting and reviewing reports and documents, including the annual reviewing of the Sustainability Report and its Material Topics, and all communications concerning sustainability to be submitted to the Board of Directors for approval.

	Role	Gender	Age
Pamela Yvonne Culpepper	Chairperson	F	> 50
Anna Maria Rugarli		F	30 - 50
Lorenzo Bertelli		M	30 - 50

The recommendations made by the Board of Directors' committees are regularly put forward to the Board itself for discussion and approval.

## Board of Statutory Auditors

The Board of Statutory Auditors oversees the compliance with the By-laws and all the applicable laws and regulations and the observance of the principles of proper management. It also checks the adequacy of the Company's organizational, administrative and accounting structure, as well as the adequacy of its internal control system and the effectiveness of the

auditing of the accounts, and the autonomy of the external auditor.

The Shareholders' Meeting held on May 27, 2021 appointed the current Board of Statutory Auditors, consisting of three Statutory Auditors and two Alternate Statutory Auditors for a term of three financial years (2021-2023).

	Role	Gender	Age
Antonino Parisi	Chairperson	M	> 50
Roberto Spada		M	> 50
David Terracina		M	> 50

## Supervisory Body

In compliance with the Italian Legislative Decree n. 231 of June 8, 2001 ("Decree"), the Company has established a supervisory body ("Organismo di Vigilanza"), whose primary duty is to ensure the functioning, effectiveness and enforcement of the

Company's Organization, Management and Control Model, adopted by the Company pursuant to the Decree. The Supervisory Body has three members appointed by the Board of Directors and selected among qualified and experienced individuals.

	Role	Gender	Age
Stefania Chiaruttini	Chairperson	F	> 50
Yoël Zaoui		M	> 50
Roberto Spada		M	> 50

The Company complies with its By-law, Italian laws and regulations and Hong Kong Listing Rules regarding the procedures to avoid conflicts of interest of the Board of Directors and disclose related parties' transactions or connected transactions.

A Director must inform the other Directors and the Board of Statutory Auditors if he/she has any conflict of interest, providing all the relevant details and information, and shall abstain from voting. In case of conflict of the CEO, the latter shall abstain from carrying out the transaction; in case of conflict of interest, the Board shall duly motivate the reasons and convenience for the Company in proceeding with the transaction.

If a substantial Shareholder or a Director has a conflict of interest, the matter should be dealt with by a physical Board meeting and the Independent Non-Executive Directors shall present at that Board meeting. The Company will review whether any potential connected transaction (i) could be exempted (e.g. below the disclosure threshold) or (ii) need the Board of Directors and/or independent shareholders' approval.

If non-exempted, the Company will ensure the transaction is properly disclosed in the Announcement and Annual Report and where required, in the Circular to shareholders with the convening of shareholders' meeting to approve the transaction.

The details of cross-board membership, if any, and controlling shareholders and related parties, their relationships, transactions and outstanding balances are disclosed in the 2022 Annual Report.

Finally, the Company is devoted to developing an effective two-way communication with shareholders, investors and equity analysts to enhance the transparency of the Company's activity. During the financial year ended December 31, 2022, the Company continued to facilitate an effective communication through multiple channels including investor conferences, one-on-one and group meetings, teleconferences, the Company's corporate website ([www.pradagroup.com](http://www.pradagroup.com)), social media and press releases. More detailed information on corporate governance is provided in the Corporate Governance section contained in the 2022 Annual Report.

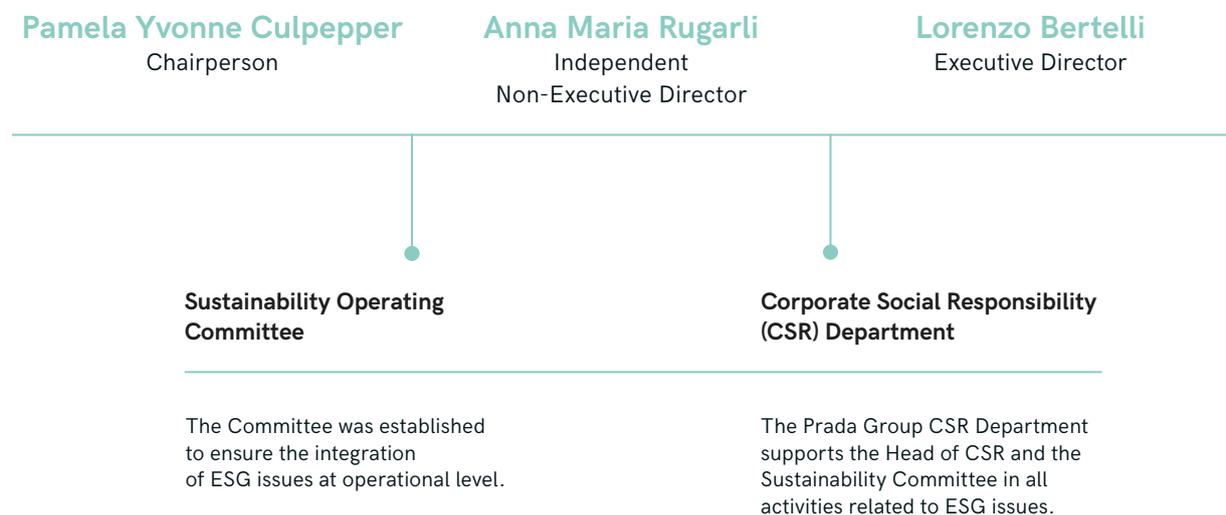


## Sustainability Governance

Prada S.p.A.'s Board of Directors is committed to conducting the business responsibly, to building an inclusive and safe work environment for all, in the preservation of the ecosystems and protection of the communities in which it operates.

In 2022, the Prada Group's sustainability governance was bolstered with, among other things, the appointment of two new Independent Non-Executive Directors, Pamela Yvonne Culpepper and Anna Maria Rugarli, experienced professionals of Environmental, Social and Governance issues, who preside over the work of the Sustainability Committee alongside Lorenzo Bertelli.

### SUSTAINABILITY COMMITTEE



The Board provides direction and maintains oversight on the Group's ESG performance with the support of the Sustainability Committee, the CSR Department and anyone involved in the implementation of the sustainability strategy. Sustainability performance, as well as ESG objectives, are reported to the Board at least once a year or when significant developments occur. Any updates of the objectives set with respect to material ESG issues are discussed with each department involved, also thanks to the CSR Department that assists and supervises the organization to ensure proper application.

In details, the Committee provides assistance and support to the Board of Directors' environmental and social sustainability assessments and decisions, especially over the Group's three strategic areas of action: Planet, People and Culture. The Committee also proposes and evaluates the adoption of policies to ensure constant commitment on ESG issues, the strategic direction and growth at Group level, as well as adherence to the values on which the Group builds its business.

The Prada Group's CSR Department plays an essential role in tying in the Sustainability Committee with the Company's most operational applications. The CSR Department must in fact provide all the necessary tools to the decision-making and advisory bodies to make informed decisions consistent with the Group's strategies and take on the actual operational needs and

complexities of the Group and of the individual brands; at the same time, the Department is responsible for implementing strategic decisions, supporting business divisions and management that integrate long-term sustainable growth objectives.

The CSR Department prepares the Sustainability Report and disseminates a sustainability culture within the Company through projects dedicated to internal communication and training. The Department guarantees a constant dialogue and cooperation with multiple stakeholders and, together with the Investors Relations function, satisfies the demands of the financial community, which expresses a growing interest in the Prada Group's sustainability initiatives and practices. During 2022, the Sustainability Committee met three times and the attendance rate was 100% each time. These meetings were also attended by the Directors of the Company's most strategic functions for the integration of sustainability into business strategies. Pamela Yvonne Culpepper and Anna Maria Rugarli were also available for a series of meetings of a more operational nature with the CSR Department to ensure constant support and monitoring of the strategic vision defined and implemented by the Department together with the Head of Corporate Social Responsibility. No concerns related to sustainability issues were reported to the Board of Directors during the year.

Main topics discussed by the Committee during 2022 can be found below.

## Sustainability Committee - 2022 Meetings

Meeting Date	Participants	Meetings' Agenda
<b>April 22, 2022</b>	<ul style="list-style-type: none"> <li>• Pamela Yvonne Culpepper</li> <li>• Anna Maria Rugarli</li> <li>• Lorenzo Bertelli</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment of the Chairperson of the Sustainability Committee</li> <li>• Prada Group's Sustainability Strategy presentation</li> <li>• 2021 Sustainability Report approval</li> </ul>
<b>July 13, 2022</b>	<ul style="list-style-type: none"> <li>• Pamela Yvonne Culpepper</li> <li>• Anna Maria Rugarli</li> <li>• Lorenzo Bertelli</li> </ul>	<ul style="list-style-type: none"> <li>• Group's new Code of Ethics and Human Rights Policy approval</li> <li>• Sustainability Operating Committee appointment</li> <li>• Short-term Sustainability Action Plan approval</li> <li>• Approval of ESG disclosures for Group's 1H results call with financial analysts</li> </ul>
<b>November 18, 2022</b>	<ul style="list-style-type: none"> <li>• Pamela Yvonne Culpepper</li> <li>• Anna Maria Rugarli</li> <li>• Lorenzo Bertelli</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Action Plan progress update</li> <li>• Update on new publication timing relating to 2022 Sustainability Report</li> <li>• DE&amp;I Italian survey outcomes and action plan presentation</li> </ul>

## 1.7 Risk Management

Given the complex regulatory environment, the Prada Group assigns various departments and hires external specialists to keep abreast of changing laws and regulations so that it can adapt its procedures in a timely manner and reduce non-compliance risks to a minimum level.

The Group has structured the internal control system as a process carried out by the governing bodies of the Group's subsidiaries, by management and by the corporation in general, with a view to providing reasonable certainty that control objectives will be met. More specifically, the Board of Directors of Prada S.p.A., referring to internationally recognized models such as the CoSO Report (Committee of Sponsoring Organizations of the Treadway Commission - international best practices), is engaged in the continuous refinement of the Internal Control and Risk Management systems by checking the operation of its main components consisting of:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- control system.

The internal control system helps ensure protection of the Company's assets, the efficiency and effectiveness of its processes, the reliability of the information provided to its governing bodies and the market, and compliance with laws and regulations as well as By-laws and internal procedures.

The bodies involved in internal control and risk management are the Board of Directors, the Audit and Risk Committee, the Board of Statutory Auditors and the Supervisory Body, as well as the entire management, which has the primary task of implementing all the necessary processes and procedures to achieve the Company's goals minimizing the risks for the organization through an appropriate system of controls. Moreover, the Internal Audit & Risk Management Department works in close collaboration with the aforementioned bodies, which, in addition to the typical assurance activities, assists the Board of Directors and the Audit and Risk Committee in risk management activities among others and the Supervisory Body in control activities pursuant to Decree n. 231 of June 8, 2001.

With particular reference to production and logistics issues, the Industrial Compliance Office sets guidelines for implementing laws and regulations that affect the importing and exporting of raw materials and finished goods, while providing various forms of industrial compliance assistance to the manufacturing divisions. Furthermore, with the aim of better integrating the control activities carried out along the supply chain, in

addition to having formalized a dedicated procedure, the supplier audits are carried out by an internal working group, which involves various company functions, to ensure the protection of human rights, fair working conditions and health and safety.

In compliance with Legislative Decree n. 231 of June 8, 2001, the Company has established a Supervisory Body, endowed with autonomous powers of initiative and control, whose primary task is to ensure the functioning, effectiveness, implementation and updating of the Organizational, Management and Control Model adopted by the Company pursuant to the aforementioned legislative decree for the control of risks and the prevention of predicate crimes of various kinds and in different areas - including bribery, corruption and money laundering - by persons who exercise (by law or de facto) functions of representation, administration or management of the Company.

In 2022, the Prada Group has adopted a whistleblowing procedure to manage any report concerning an alleged and/or ascertained violation of the Prada Group's Code of Ethics and values, law and regulations, measures issued by Public Authorities, Company procedures, the Organizational, Management and Control Model pursuant to Legislative Decree n. 231/2001 or any contractual agreement with Group's companies. In particular, the Group has adopted an external web platform, accessible by everyone from the corporate website [www.pradagroup.com](http://www.pradagroup.com) and available in various languages. The platform guarantees the full confidentiality of the reporter's identity and of the information reported, in compliance with the applicable legislation on personal data protection and on the protection of the reporter, by also giving the opportunity to report in anonymous form.

The Prada Group, to ensure the effectiveness of the reporting process and provide extensive and indiscriminate access to all those who want to make a whistleblowing report, has made available many alternative communication channels such as e-mail ([whistleblowing@pradagroup.com](mailto:whistleblowing@pradagroup.com)), ordinary mail (Prada S.p.A., Via Antonio Fogazzaro 28, 20135 Milan, Italy - K.a. Internal Audit) and a computer platform accessible from Company's intranet.

Any violation reported through such channels shall be promptly assessed by the Ethics Committee. In handling such reports, the Group shall act in such a way as to safeguard whistleblowers from any form of retaliation. The Ethics Committee has also the task to suggest any improvements of the internal control system to the Audit and Risk Committee, as well as promoting the necessary information and training measures for the corporate population.

The Group undergoes regular risk assessment to ensure



PRADA

## The Group undergoes regular risk assessment to ensure adequate and proportionate risk prevention and detection measures are in place.

adequate and proportionate risk prevention and detection measures are in place. Risk assessment consists of identifying and analyzing factors that could compromise the proper conduct of company activities and must also extend to the analysis of the process that determines how those risks should be avoided or mitigated. The fact that economic, regulatory and operating environments are in constant flux raises the need for mechanisms that help identify and deal with the risks posed by such changes.

For the Prada Group, risks can be broken down as follows:

- risks relating to the international luxury goods market or related to the general state of the economy, the protection of intellectual property rights, image and brand recognition, and the ability to anticipate trends and respond to the changing tastes of consumers;
- risks specific to the Prada Group relating to the importance of key personnel, strategy implementation, outsourcing, legal and regulatory compliance;
- risk relating to the business continuity related to cyber-attack, natural disasters, geopolitical instability or pandemics;
- financial risks specific to the Prada Group relating to exchange rate fluctuations, interest rate fluctuations, credit risk and liquidity risk.

Further information is provided in the financial review, the corporate governance sections, as well as in Note 28 to the consolidated financial statements called "Provisions for risks and charges" (specifically for updates on investigations and disputes with third parties or authorities that involved the Prada Group in the period) of the 2022 Annual Report.

### ESG Risks Management

In compliance with the ESG Reporting Guide of the Listing Rules of the Hong Kong Stock Exchange, the Prada Group is called to identify and evaluate the nature and extent of the environmental, social and governance risks related to its material aspects.

At the same time, given the complexity of the environment in which the Group operates, a careful assessment of ESG risks is essential, not only to ensure stable long-term growth, but also the safeguarding of corporate reputation. Stakeholders' expectations in terms of sustainability, as well as the evolution of national and international legislation, have given a strong boost to the sustainability performance of the Prada Group, also with a view to monitoring the risks associated with it.

For this reason, the Prada Group is committed to incorporating the evaluation of these risks into its business strategy, an essential activity closely related to the increase in the level of transparency and accountability that stakeholders require.

At the end of 2022, the Prada Group started a first assessment on the main ESG risks previously identified, and the activity was completed at the beginning of 2023. This analysis did not reveal any relevant risks for the organization.

In 2021, ESG risks were identified according to a broad view of the main sustainability challenges, based on four categories of risks:

- **Strategic risks:** related to those risks that could adversely affect the decision-making process and the achievement of the organization's mission and strategic objectives;
- **Operational risks:** related to those risks that could disrupt or damage the performance of the Company's business operations;
- **Financial risks:** related to those risks that could have a direct impact on the Company's financial performance;
- **Compliance risks:** related to those risks of non-compliance with applicable national and international laws - that could expose the Group to legal penalties - or with the Code of Ethics and internal procedures.



## ESG Risk Assessment

CATEGORY	Material Topic <sup>3</sup>	Risk Name	Description	Type of Risk	References Risk Mitigation Actions
ENVIRONMENT	Climate Change <sup>4</sup>	Pressures from stakeholders and investors	In recent years, the interest of investors and external stakeholders in climate change has increased. The Prada Group's access to financial capital could be restricted and its position weakened in relation to its competitors in the event of inadequate disclosure of its impact and in the absence of concrete measures to reduce greenhouse gas emissions along its value chain.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Financial risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>
		Shift in consumer choices	The fashion industry is increasingly interested in sustainability issues, which means that consumer choices are influenced by these types of issues. Millennials, in particular, appear to favour products made with low environmental impact raw materials. Failure by the company to take a proactive approach to this issue could result in an economic loss associated with a shift in consumer choice towards brands that are able to offer products with reduced greenhouse gas emissions.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Financial risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>
		Non-compliance with emerging laws and/or regulations	Europe is moving towards an economy with zero net greenhouse gas emissions by 2050. This goal could lead to the introduction of increasingly stringent laws and regulations regarding greenhouse gas emissions. Prada's failure to manage climate issues could leave the Group unprepared to respond to potential future laws or regulations.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>
		Replacement of existing products and services with low-carbon options	The current unavailability of technologies that allow the removal of greenhouse gas emissions deriving from the breeding of livestock for the production of leather represent a risk for the Prada Group. Another risk arises from the current impossibility of selecting a raw material that is equivalent in quality and characteristics to leather and that can be produced on a large scale.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Operational risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>
		Scarce availability of raw materials	The availability of natural raw materials may be affected by potential changes in climate patterns. In the medium term, the Group may experience difficulties in obtaining the raw materials necessary to ensure business continuity and may face a potential increase in costs.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Operational risk</li> <li>• Financial risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>

3-No relevant risks have been identified for the material topics "Sustainability Education", "Artistic & Cultural Heritage" and "Scientific Evolution".

4-Risks and opportunities related to Climate Change have been already disclosed in the CDP - Climate Change Questionnaire published in 2022.

## ESG Risk Assessment

CATEGORY	Material Topic	Risk Name	Description	Type of Risk	References Risk Mitigation Actions
ENVIRONMENT		Frequency and severity of extreme weather events	The widespread nature of the Group's operations and the distribution of its retail network in Europe, Asia, North America and Latin America expose it to certain risks related to extreme weather events. For example, some of Prada Group's industrial sites are located near rivers, some of which are at risk of flooding (due to rising sea levels), which could result in both damage to the plant itself and inaccessibility for employees.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Operational risk</li> </ul>	<p>1.4 Sustainability Strategy</p> <p>3 For Planet</p>
	Waste Management	Non-compliance with local environmental regulations	Failure to comply with environmental laws and regulations on waste management could result in financial penalties for the Prada Group.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	<p>3 For Planet - Waste Management</p> <p>3.4 Partnerships - Re.Crea Consortium</p>
	Product End-of-life	Non-compliance with emerging laws and/or regulations	The European Green Deal includes some sections related to the circular economy. The European Circular Economy Plan, one of the pillars of the Green Deal, foresees the application of the concept of Extended Producer Responsibility (EPR) to the fashion sector and the introduction of eco-design principles in the creation of products. To be able to adapt/transform its operations in a circular way, without compromising competitiveness, will be key for the Prada Group.	<ul style="list-style-type: none"> <li>• Compliance risk</li> <li>• Operational risk</li> </ul>	<p>3.3 Embrace Circular Thinking</p> <p>3.4 Partnerships - Re.Crea Consortium</p>
		Shift in consumer choices	The fashion industry is increasingly interested in sustainability issues, which means that consumer choices are influenced by this type of aspect, especially when considering millennials who favor circular business models with reduced environmental impact. Failure to take a proactive approach to this issue could result in an economic loss due to the shift in consumer preferences towards brands that are able to offer products and services in line with the principles of the circular economy (e.g. use of materials from regenerated raw materials, extension of the product life cycle).	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Financial risk</li> </ul>	<p>3.3 Embrace Circular Thinking</p> <p>3.4 Partnerships - Re.Crea Consortium</p>

## ESG Risk Assessment

CATEGORY	Material Topic	Risk Name	Description	Type of Risk	References Risk Mitigation Actions
ENVIRONMENT	Water Resources	Scarce availability of water resources	In the event that the geographical areas in which the Prada Group operates experience problems related to water stress, critical issues could arise, particularly for factories that use significant amounts of water in their production processes.	<ul style="list-style-type: none"> <li>Operational risk</li> </ul>	<i>3 For Planet - Water Management</i>
		Non-compliance with local environmental regulations	The Prada Group uses chemicals in its production processes (e.g. leather processing), therefore environmental laws and regulations regarding water discharges could imply risks of non-compliance. There is also a significant reputational risk given the impact that an ineffective management of water discharges could have on the area in which Prada operates.	<ul style="list-style-type: none"> <li>Compliance risk</li> </ul>	<i>2.5 Product Responsibility</i> <i>3 For Planet - Water Management</i>
	Biodiversity & Animal Welfare	Low availability of sustainable raw materials	In recent years, Prada has been committed to increasing the percentage of sustainable raw materials used in its products. However, large-scale sourcing of sustainable raw materials could be critical. Therefore, if the Group exposes itself by setting quantitative targets for the purchase of sustainable raw materials, there could be reputational damage in the event of non-achievement. In addition, any difficulties in sourcing sustainable raw materials could result in a high dependency on a small number of suppliers, reducing the Group's bargaining power and potentially increasing production costs.	<ul style="list-style-type: none"> <li>Strategic risk</li> <li>Operational risk</li> <li>Financial risk</li> </ul>	<i>3.2 Preserve the Ecosystems</i> <i>3.3 Embrace Circular Thinking</i> <i>3.4 Partnerships</i>
		Non-compliance with environmental practices and standards along the supply chain	Some of the Group's suppliers (e.g. tannery industry) operate in sectors with a high environmental impact. The leather supply chain also raises concerns about deforestation and damage to biodiversity. Prada's association, even indirectly, with companies that violate environmental regulations or that are accused of promoting deforestation represents a significant reputational risk for the Group.	<ul style="list-style-type: none"> <li>Strategic risk</li> </ul>	<i>3.2 Preserve the Ecosystems</i> <i>3.3 Embrace Circular Thinking</i> <i>3.4 Partnerships</i>

## ESG Risk Assessment

CATEGORY	Material Topic	Risk Name	Description	Type of Risk	References Risk Mitigation Actions
PEOPLE	Human Rights	Non-compliance with social practices and standards along the supply chain and possible violations of human rights	The Prada Group's supply chain is complex and often consists of several levels of subcontracting. Any cases of human rights violations, including health and safety issues along the Group's supply chain, represent a significant reputational risk for the Group.	<ul style="list-style-type: none"> <li>• Strategic risk</li> </ul>	<p><i>2 Responsible Management</i></p> <p><i>2.1 Industrial Strategy</i></p> <p><i>2.2 Supply Chain Responsible Management</i></p>
		Non-compliance with human rights standards	The Prada Group operates in many countries, in some of which compliance with local legislation may not be sufficient to guarantee respect for the fundamental human rights of workers. Failure to respect human rights in its operations represents a reputational risk given the media exposure of the Prada Group.	<ul style="list-style-type: none"> <li>• Strategic risk</li> </ul>	<p><i>4.3 Ensure Wellbeing and Fair Workplace</i></p>
	Training & Education	Difficulty in attracting and retaining qualified employees	The success of the Prada Group depends on its ability to attract and retain qualified people in key corporate functions, both in managerial and more operational positions. A high turnover of employees may represent a risk of loss of competitiveness for the Prada Group.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Operational risk</li> </ul>	<p><i>4.2 Foster Creativity and Know-how Preservation</i></p>
	Craftsmanship & Savoir-faire	Loss of artisanal know-how	The development of skills is a fundamental element of Prada's success, so the intergenerational transfer of the Company's knowledge is essential. Failure to pass on artisan skills to new generations could undermine the Group's ability to create excellent products.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Operational risk</li> </ul>	<p><i>4.2 Foster Creativity and Know-how Preservation</i></p>
	Occupational Health & Safety	Non-compliance with health and safety legislation	Failure to comply with laws and regulations on occupational health and safety management could result in financial penalties for the Prada Group. In addition, the occurrence of accidents in the workplace represents a reputational risk for the Group.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	<p><i>4.3 Ensure Wellbeing and Fair Workplace</i></p>
	Diversity & Inclusion	Occurrence of incidents of discrimination	Promoting diversity, equity and inclusion is fundamental for the Prada Group. Any episodes of discrimination, inside and outside the workplace, could represent a reputational risk for the Prada Group.	<ul style="list-style-type: none"> <li>• Strategic risk</li> </ul>	<p><i>4.1 Champion Diversity and Promote Inclusion</i></p>

## ESG Risk Assessment

CATEGORY	Material Topic	Risk Name	Description	Type of Risk	References Risk Mitigation Actions
BUSINESS AND ETHICS	Consumer Health & Safety	Risks relating to the health and safety of products	Prada Group products must meet strict health and safety standards and comply with the relevant regulations in force in all the countries in which Prada operates. The use of hazardous chemicals by some suppliers in their manufacturing processes may represent a risk to the consumers health and safety, and of non-compliance with regulatory standards for the Group.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	2.5 Product Responsibility
	Marketing & Labeling	Corporate Reputation	The Prada Group's commitment to replace traditional raw materials with sustainable alternative raw materials could entail the risk of sourcing from raw materials whose actual sustainability may not be better than the traditional raw materials being replaced, taking into account all dimensions of environmental sustainability (e.g. climate change, water consumption, biodiversity, etc.). Unclear and misleading communication through misleading advertising or omission of key information could have a negative impact on consumers who are unable to make informed choices and could damage the Group's image and reputation.	<ul style="list-style-type: none"> <li>• Strategic risk</li> <li>• Financial risk</li> </ul>	1.3 Value creation 2.4 Trademark Protection 2.5 Product Responsibility
		Non-compliance with marketing and labeling legislation	Failure to comply with marketing and labeling laws and regulations could result in financial penalties for the Prada Group, given the growing risk of greenwashing and the emerging regulations around it.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	1.3 Value creation 2.4 Trademark Protection 2.5 Product Responsibility
	Anti-Corruption	Non-compliance with laws and regulations relating to socio-economic, corruption or tax issues	The risk of unethical business conduct and non-compliance with the various regulations applicable to the Prada Group could represent a significant reputational risk for the Group and expose it to potential financial penalties.	<ul style="list-style-type: none"> <li>• Compliance risk</li> </ul>	2 Responsible Management 2.3 Tax Strategy and Compliance

# 2. Responsible Management

## Contents

- 2.1 \_ Industrial Strategy
- 2.2 \_ Supply Chain Responsible Management
- 2.3 \_ Tax Strategy and Compliance
- 2.4 \_ Trademark Protection
- 2.5 \_ Product Responsibility

## Highlights 2022

at December 31, 2022

24

Industrial facilities

New Code of Conduct for Group's industrial suppliers for a stronger control of the value chain

87%

of the Group's Industrial suppliers are located in Italy

54%

of the Group's Industrial suppliers have been working with the Group for more than 10 years

> €140 Million  
industrial investments since 2019

1 new industrial acquisition  
for a stronger vertical integration

Over the years, it has become increasingly evident how fundamental were the integration of sustainability into the business and an open and transparent dialogue with stakeholders. The Prada Group is aware that sustainability is a way of thinking and operating and defines its strategies and operational processes to withstand over time; within complex and uncertain social and market contexts, Prada faces challenges and seizes opportunities in the constant search to meet its stakeholders' expectations while pursuing long-term economic development.

The Prada Group's commitment also extends to the creation, development and strengthening of the cooperative ties with the communities where it does business, in terms of social and environmental sustainability, as they are deemed necessary for inclusive long-term growth.

The Group's approach is to adhere to the main universally recognized ethical principles and to ensure that they are implemented in its operations. Since 2007, these principles have been given formal expression in the Prada Group's Code of Ethics: updated in 2022, the Code is communicated to all employees, collaborators and business partners and specifies that these principles apply to both Group's companies and suppliers, by a set of procedures that turn these values into daily actions. The Group Code of Ethics aims to promote compliance and to ensure the proper application of laws, regulations and key principles. The Code contains the guiding principles of the organization and embeds the core sustainability pillars - Planet, People and Culture - set by the Sustainability Policy, back in 2019, and formalized through the Group's Sustainability Strategy in 2021. The Code of Ethics is also a reminder of the Group's ethical whistleblowing system that enables anyone, be they internal or external stakeholder of the Group, to report a violation or suspected breach of the Code and its principles; at the end of 2022, an Ethics Committee has been set up to receive, process and assess on a case-by-case basis any alert received through the whistleblowing channels (see chapter 1, paragraph 7 "Risk Management").

The adoption and application of the Code of Ethics is essential for the achievement of the Company's primary objective of creating long-term value for shareholders, employees, customers and for the community. For this reason, the Group promotes knowledge of the Code through various means such as online publications, direct communications and internal trainings, and by procedure, as part of the supply or commercial agreement with most of the partners, by being a prerequisite for the establishment of all contractual relationships.

The publication in 2022 of the Human Rights Policy allowed to further articulate certain undertakings formalized in the Code of Ethics, highlighting the Group's commitment to respect all human rights not only within its own operations, but also to promote the adherence to the same principles among its suppliers or business partners. Respect for and protection of human rights, for all Group employees and employees in the supply chains of its brands, is central to the Group's ethical commitments and strategic choices. The pillar **For People** is indeed one of the core pillars of the Group's sustainability strategy and is reflected in the Group's identity, ethical approach to business and future development. The Policy includes the principles set out in the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

The Prada Group takes a cross-functional approach to governance over human rights, integrated into its overall governance structure for sustainability. Specifically, human rights governance spans various departments, starting with Human Resources, DE&I, CSR, Internal Audit and Industrial department. During 2022, the Prada Group received no reports of non-compliance with environmental, social and governance laws and regulations, and no incidents of corruption were detected.

**The adoption and application of the Code of Ethics is essential for the achievement of the Company's primary objective of creating long-term value for shareholders, employees, customers and for the community.**

## 2.1 Industrial Strategy

The Prada Group's competitive advantage also derives from its distinctive manufacturing tradition, developed through the buildup of its production premises, the progressive expansion of its manufacturing skills and enhanced control over its supplier network.

In recent years, thanks to investments of more than Euro 140 million since 2019, the Prada Group's industrial strategy has focused on strong vertical integration of the supply chain, progressive insourcing of sensitive phases of the production process and the acquisition of key capabilities.

These decisions have highlighted the great advantages in terms of speed of response to rapid market changes and the ability to adapt the business model, given that competitiveness is increasingly based on such factors.

Following the acquisition in 2021 of a minority stake (40%) in Filati Biagioli S.p.A. - a company with over a

century of excellence in the production of cashmere and fine yarns and in the management of the process of transforming fibres into yarns, in August 2022 the Prada Group acquired 43.65% of the share capital of Conceria Superior S.p.A., based in Pisa and a leader in the processing of calfskin, operating for over 60 years on the Italian and international markets as a specialized supplier to the luxury sector.

The Prada Group relies on a high degree of autonomy also thanks to investments in the expansion of its facilities and an important hiring plan; the Group, in fact, has realized all its prototypes internally for many years and in the past few years it has gradually insourced its leather cutting phases followed by the handbag and footwear assembly processes. Control of all raw materials and finished products is now managed in-house, as well as the logistics of finished products.

**In recent years, thanks to investments of more than Euro 140 million since 2019, the Prada Group's industrial strategy has focused on strong vertical integration of the supply chain, progressive insourcing of sensitive phases of the production process and the acquisition of key capabilities.**

### Massimo Vian

Industrial Director, Prada S.p.A.



Prada Group's industrial sites  
as of December 31, 2022

24 — 21 — ~200,000  
industrial sites in Italy total area in sqm

3,240 — 63%  
Total number of employees Women

#### Leather Goods

**Arezzo - Italy**  
Via Gobetti, 82/86  
52100 Arezzo (AR)

**Figline - Italy**  
Via Urbinese, 33 Località Matassino  
50063 Figline e Incisa V.no (FI)

**Figline - Italy**  
Via J.F. Kennedy, 21  
50063 Figline e Incisa V.no (FI)

**Limoges - France**  
65 Route de Périgueux Lieudit Parpaillat,  
87170 Isle

**Milan - Italy**  
Via Ripamonti, 129  
20141 Milan (MI)

**Piancastagnaio, Siena - Italy**  
Via Arno, 39  
53025 Piancastagnaio (SI)

**Scandicci, Florence - Italy**  
Via Pisaña, 463  
50018 Scandicci (FI)

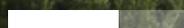
**Sibiu - Romania**  
Strada Bruxelles, 8  
550052 Sibiu, Jud. Sibiu

**Terranuova, Arezzo - Italy**  
Via Poggilupi, 992-998  
52028 Terranuova Bracciolini (AR)

**Valvigna, Arezzo - Italy**  
Strada Lungarno, 1213 - 1261  
52028 Terranuova Bracciolini (AR)

1,554  
N. of staff

65%  
Women



#### Footwear

**Buresta, Arezzo - Italy**  
Via Aretina, 552-556  
52025 Monteverchi (AR)

**Civitanova Marche, Macerata - Italy**  
Via Pertini, 41  
63812 Civitanova Marche (MC)

**Dolo, Venice - Italy**  
Via Dell'Industria, 1/A  
30031 Dolo (VE)

**Levane, Arezzo - Italy**  
Via Carducci, 6  
52023 Levane (AR)

**Montegrnaro, Fermo - Italy**  
Via Alpi, 97 Loc. Villa Luciani  
63812 Montegrnaro (FM)

**Northampton - UK**  
St. James Road  
Northampton NN5 5JB

**San Giovanni Valdarno, Arezzo - Italy**  
Via Pruneto, 6  
52017 San Giovanni Valdarno (AR)

**Foiano della Chiana, Arezzo - Italy**  
Via d'Arezzo, 130/H  
52045 Foiano della Chiana (AR)

1,024  
N. of staff

52%  
Women



#### Clothing

**Ancona - Italy**  
Via Luigi Albertini, 20  
60131 Ancona (AN)

**Città di Castello, Perugia - Italy**  
Via C. Treves, 13 Loc. Cerbara  
06012 Città di Castello (PG)

**Fucecchio, Florence - Italy**  
Via F. Magellano, 5/7  
5005 Fucecchio (FI)

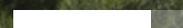
**Levanella, Arezzo - Italy**  
Via Aretina, 403  
52025 Monteverchi (AR)

**Montone, Perugia - Italy**  
Via dell'Industria, 10-12  
06014 Montone (PG)

**Torgiano, Perugia - Italy**  
Loc. Ferriera, 46  
06089 Torgiano (PG)

662  
N. of staff

77%  
Women

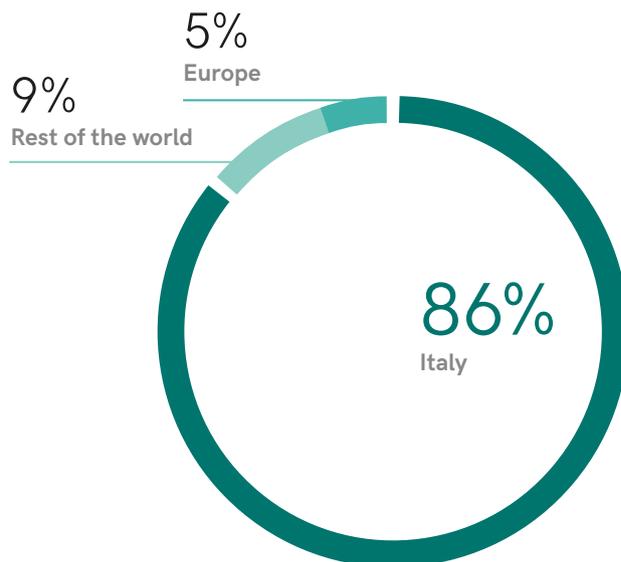




Against the backdrop of substantial expansion projects in Italy for the industrial sites of all three divisions, a major recruitment plan of around 400 people has been defined for the territory, which will start in the first months of 2023. Also, through Prada Group Academy, the Group aims to train around 200 new professionals by the end of next year. In the industrial division, the Prada Group is also investing heavily in the development of innovative digital solutions that allow for ever more efficient processes. At the time of this Report's publication, a new Product Lifecycle Management (PLM) system is being implemented; this solution, which also aims to integrate all aspects and information related to product sustainability, will enable the evolution of product and product life-cycle management processes, with an integrated approach from design to end-of-life. Another of the Group's objectives is the wider use of advanced 3D design. Launched in 2020 for apparel, 3D design will now be progressively applied to all product categories, including

footwear and leather goods. The major benefits in terms of design and prototyping are combined with a significant reduction in waste production and number of prototypes. Vertical integration, internalization and innovation effectively ensure more control over value creation, an extremely important aspect even from a sustainability standpoint, not just for the processes but especially in terms of responsible supply chain management. Thanks to the acceleration recorded in recent years in the selection process of the industrial supply chain, the Group works with the best suppliers, in their own right leaders and reference points in their sectors. In most cases, these are long-term relationships, initiated and maintained following a rigorous selection process, whose strict parameters are intended to ensure the highest standards of technical and economical, as well as ethical reliability. The Prada Group has always valued long-term relationships built on steady interactions, which are also crucial for mutual growth.

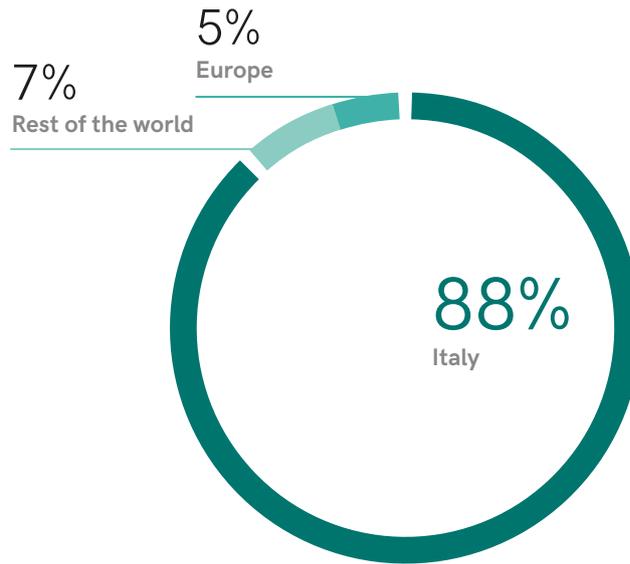
## Raw Material Supply Chain Localization



The international success of the Prada Group is deeply rooted in Italy, starting right from its supply chain. In 2022, the Group purchased raw materials from around 480 suppliers<sup>5</sup>, 86% of them located in Italy, around 5% in other European Union countries and the remaining

9% in other non-EU countries. In many cases they are long-established partners: about 61% of them have been working with the Group for more than 10 years, and around 18% for a period of time between 5 to 10 years.

## Semi-manufacturing Supply Chain Localization



Also for outsourcing, the Prada Group stands out for its strong ties with the typically Italian artisanal tradition; in fact, in 2022, the Group worked with approximately 400 manufacturing suppliers<sup>6</sup>. Around 88% of these manufacturing suppliers are located in Italy, around 5% in the rest of the European Union and the remaining 7% in non-EU countries. Around 45% of the manufacturing suppliers have been collaborating with the Group for more than 10 years and around 24% for a period of time between 5 to 10 years. These are relationships built on mutual trust, characterized by working together on a

daily basis with a view toward constant improvement and learning.

On the whole, approximately 87% of the Group's industrial suppliers are located in Italy and about 54% of them have been working with the Prada Group for more than 10 years; from the beginning a strategic choice for Prada, which has always considered a competitive leverage to root its supply chain in those territories where the manufacturing sector represents an excellence appreciated all over the world.

**From 2023, the Prada Group aims to increasingly engage its supply chain through targeted programs on social and environmental sustainability issues, in line with its sustainability strategy and the targets set in the areas of supply chain responsible management, CO<sub>2</sub> emissions reduction, raw material traceability and biodiversity protection.**

5-For the purposes of this analysis, only raw materials suppliers with which purchases of more than Euro 30 thousand were conducted in 2022 have been considered.

6-For the purposes of this analysis, only manufacturing suppliers with which purchases of more than Euro 30 thousand were conducted in 2022 have been considered.

## 2.2 Supply Chain Responsible Management

As already anticipated, for the Prada Group, the selection of its suppliers is fundamental not only for reaching the highest standards of product excellence, but also for creating long-term value. In fact, through a collaborative and transparent approach, the Group has always worked with its suppliers to implement work, health, safety and environmental standards in the workplace and, therefore, to transmit its high ethical standards.

This collaboration favors long-term relationships and is based on regular dealings, to share mutual growth and a common strategic objective, reducing the risk of non-compliance with the Group's Code of Ethics and the current regulations. Another fundamental factor is the proximity of the supply chain to the Prada Group; the vicinity enables Prada to perform a constant monitoring activity, even daily for the main suppliers, for the purpose of control and risk management.

The location of the supply chain in Italy is also important for the working conditions of the employees, as they are governed by the collective bargaining agreements currently in force. The Italian Collective Bargaining Agreement (CCNL) supplements the law and is stipulated at a national level between trade unions and associations representing companies. The CCNL regulates the rights, guarantees and obligations of all workers in terms of pay and regulatory provisions, such as guaranteed minimum wages, working hours, vacation time, seniority treatment, treatment of overtime, holiday and night-time work (with the related pay increases), the duration of the trial period and notice period, sick leave, maternity leave, accident leave and the disciplinary code. The CCNL is negotiated and renewed every three years, thus allowing for wage and regulatory adjustments in line with economic and legislative changes in Italy.

In the past few years, Prada has directed efforts toward raising awareness in the purchasing structures of more responsible management of the industrial supply chain. To this end, in early 2017 the Group adopted a Qualified Vendor List procedure to define the responsibilities and operational criteria required to evaluate the ethical, technical and economical reliability of its suppliers. The list is part of the controls needed to initiate and continue with the supply relationship, as set out in the procurement policy, which calls for mitigating risks of non-compliance through additional checks and accountability.

With respect to ethical issues, the accreditation and maintenance of a supplier's qualification are confirmed through requested documents, attestations and self-certifications that ensure compliance with the laws on remuneration, social security, taxes, occupational

health and safety, the environment, privacy and the governance model. Finally, the Code of Ethics must be signed in order to work with Prada.

The Code of Ethics - revised in 2022 - enshrines the fundamental ethical principles for the Prada Group, which in turn inspire other policies and documents such as the Human Rights Policy and the Supplier Code of Conduct - both formalized in 2022 - that further reinforce respect for human rights, for all Group employees and those in supply chains. Through the implementation of the Code, the Group requires its suppliers to commit to high ethical standards and respect for human rights in their production sites and among their subcontractors, as well as aspects related to environmental protection (e.g. legal compliance, chemical use, waste management and wastewater treatment) and raw material sourcing (e.g. biodiversity, animal welfare, traceability).

This information asset undergoes systematic first-level and second-level controls, including interim ones, to ensure that the information is updated, true and consistent. Such controls, which involve documents and are performed by the procurement structures or business areas specialized in the various topics, are also conducted upon notification of potential situations of crisis, breaches or anomalies; in these circumstances, the procedure involves additional analysis, targeted controls or an immediate encounter with the parties involved. The procedure, initially applied to suppliers in the manufacturing area, has now been implemented with the engineering and logistics suppliers and is gradually being extended to the other business areas. Although the Prada Group considers the risk of non-compliance throughout its direct supply chain to be low, thanks to its geographical location and the duration and quality of the relationships established, it is aware that first-tier suppliers use subcontracting, and of the reputational and legal risks associated with that, including in terms of human rights infringement and child labour. For this reason, in 2019 the Group set up internally a task force dedicated to tightening the controls over the supply chain and respond to the growing demand for transparency and accountability in the sourcing and production practices. The Group formalized then in 2020 the inspecting activity with a dedicated procedure.

The work team consists of representatives of the administrative, occupational safety, compliance and human resource functions and assists production division managers with controls at supplier and/or sub-supplier premises, reviewing documents and

checking the observance of the Group's ethical principles and proper application of labour, tax, occupational safety and environmental regulations. The inspection plan includes a risk assessment, conducted in the first phase by the various managers, also according to the composition of the industrial supply chain in terms of supply and subcontracting, and any critical issues detected by them or by the functions responsible for the second-level controls during the periodic inspections required by the Qualified Vendor List procedure. The analysis performed during the inspections, which follow a six-month schedule, completes other controls carried out in previous phases and those foreseen by the Qualified Vendor List procedure, thus strengthening the control over the industrial supply chain, ensuring compliance with the Code of Ethics and current regulations.

The results of the inspections are reported to the various managers so that a corrective action plan (Remediation Plan) can be drawn up in the event of breaches or partial breaches of the criteria standards, and corrective actions are identified that the supplier must implement over a period of time that varies according to the irregularity found. In the event of serious breach, or the supplier's inability to ensure a positive outcome in the prescribed time, termination of the supply relationship is evaluated. Since 2019, with the aim of bringing the monitoring and management of the supply chain to the Group's levels of excellence, the task force operates in Italy, where the most important portion of the industrial supply chain is rooted,

focusing on both first and second tier suppliers for all three industrial divisions: leather goods, footwear and clothing. Due to the health emergency, control activities slowed down but, since 2021, have been carried out regularly with the aim of covering suppliers representing 80% of the Group's turnover. In the period 2019-2022, there were approximately 340 first and second-tier suppliers involved, and the Group took corrective action on supply relationships where it found serious irregularities with respect to its ethical standards.

The breaches found and reported to first-tier suppliers for the necessary corrective actions are linked to their sub-contracting relationships and mainly concerned social security and tax aspects, the workplace, occupational safety and the work force employed in terms of contractual conditions and actual working hours. The Prada Group is constantly committed to identifying corrective actions, depending on the nature of the irregularities detected, to accompany its industrial supply chain on a path of improvement, not only in terms of quality, but also in terms of ethical standards. During 2023, the control activities on suppliers will continue to promptly monitor and efficiently mitigate the risks associated with the supply chain management; assessments on social and environmental sustainability aspects will be strengthened.

Finally, since 2016, the Prada Group has published a statement describing the measures taken to ensure the absence of any form of modern slavery, forced labour and human trafficking within its organization and along its supply chain, as required by UK legislation "Modern Slavery Act 2015".



**Assessments on social and environmental sustainability aspects will be strengthened.**

## 2.3 Tax Strategy and Compliance

The Prada Group believes that responsible corporate governance calls for adopting collaborative actions that can improve the common value creation process while maintaining the balance between business objectives and stakeholders' expectations.

This approach is also reflected in the Group's tax strategy that is based on risk prevention and "tax certainty", both pursued through ongoing dialogue and honest, long-term interaction with the main Italian and foreign tax authorities. This strategy aims at mitigating tax risk, at granting the compliance with laws and regulations in all jurisdictions where the Group operates and at promoting the importance of the involvement of the Tax Department in all the Group's operations and company processes.

The Group's tax strategy, defined and periodically updated by the Prada S.p.A.'s Board of Directors, is managed and monitored by the Group's Tax Department, which is made of experienced and qualified tax professionals, owing all the knowledge and skills needed to manage risks related to both Italian and international taxation issues and cases. Tax Department relies on a series of internal procedures to ensure that all the tax compliance and reporting filings are subject to suitable review and prepared in a transparent, timely and punctual way; coordinating with the other Group's functions, Tax Department is also responsible for granting that policies and procedures that support tax strategy are implemented and managed consistently. Finally, the Group's Tax Department constantly interacts with industry associations, governments and other external bodies, such as the Organization for Economic Cooperation and Development (OECD) or the European Union, in order to share in advance future tax legislation trends and rules. When necessary, the Group's Tax Department is supported by external advisors with reference to specific tax issues with uncertain interpretation.

For the correct and effective implementation of its tax strategy, Prada S.p.A. has adopted the Tax Control Framework (TCF), which also illustrates the tools for identifying, assessing, managing and controlling tax risk, according to international standards shared periodically with the Italian tax authority. The TCF is part of the internal control system. The effectiveness of the tax risk management system has entitled Prada S.p.A. to participate in the Cooperative Compliance Tax Regime

in Italy (under Italian Legislative Decree 128/2015), with effect from 2016. Within the Cooperative Compliance Tax Regime, the Group has expanded the systematic and continuous communication channel with the Italian tax authorities based on mutual transparency and trust, in order to minimize uncertainties about potentially risky situations.

After its inclusion in the regime, the Italian tax authorities invited some Group companies to join the International Compliance Assurance Program (ICAP) launched by the OECD.

The Group's participating companies shared extensive information with the tax authorities of the countries where they reside (among others, Italy, the U.S.A., the United Kingdom, Canada, Australia). At the end of the assessment, the respective tax authorities assigned the status of "low-risk taxpayer" to those companies. Constant, preventive dialogue with tax authorities is also ensured through the Advance Pricing Agreements (APA) and Basic Asset Protection Agreements (BAPA) with local tax authorities - consisting of sharing ex ante the tax treatment of intercompany transactions in relation to transfer pricing legislation - and advanced clarification requests addressed to the various tax administrations regarding the uncertain interpretation of both regulatory and practice issues and aspects. Assurance on fiscally relevant processes is also guaranteed through the internal control system (Internal Audit) and through the checks carried out by second-level control functions. The Prada Group sends to the Tax authority the "Country-by-Country Report" providing key information about the income and activities of resident companies, in compliance with the obligations for mandatory automatic exchange of tax information between the various countries.

Furthermore, the necessary safeguards have also been put in place recently to verify compliance with the reporting obligations of the respective tax authorities regarding any cross-border transactions containing the hallmarks identified in EU Directive 2018/822 (DAC 6). Finally, Prada S.p.A. holds the status of Full Authorized Economic Operator (AEO), which means with the highest level of reliability. This recognition, issued by the Customs Agency, is granted to companies that prove to be competent and virtuous in the management of their business processes, in compliance with both customs regulations and safety standards for goods.

## 2.4 Trademark Protection

Intellectual Property (IP) protection is a matter of primary importance for the Prada Group. The Group's IP Department is committed to protecting creativity and in particular trademarks, designs, copyrights, and domain names worldwide.

With its team of lawyers, the Prada Group regularly monitors registrations of intellectual property rights by third parties and any possible misappropriation of trademarks, designs and domain names that are identical or confusingly similar to its own distinctive signs and products. Any violation is tackled through appropriate actions with the competent authorities. In addition, the Group takes worldwide preventive and defensive measures to protect these rights, on every online and offline channel, and conducts thousands of anti-counterfeiting operations every year.

The Prada Group cooperates on a daily basis with national and international customs agencies to help block imports of fake products, and with the police and tax authorities to assist the seizure of counterfeit products, allow distribution and production processes to be rebuilt, and the responsible organizations reported to the competent authorities. In pursuing such objectives, the Group organizes training events so that the authorities may have all the tools available to fight effectively counterfeiting and the criminal organizations behind it.

Furthermore, the Prada Group has contributed to important international operations coordinated by, for example, the "Guardia di Finanza", Europol, the Spanish National Police, the European Anti-Fraud Office (OLAF) and the European Union Intellectual Property Office

(EUIPO). With these authorities, the Group has shared data relating to flows of trade in fake products on websites and social networks, which are useful for identifying criminal networks.

Further important collaborations involve prominent associations such as the Italian Association for the Protection of Intellectual Property (INDICAM), the Union des Fabricants, and the Quality Brands Protection Committee (QBPC), to bring such issues to the attention of the institutions and consumers. The Prada Group monitors changes in intellectual property rights legislation and actively participates in consultations with trademark owners to create new legal tools aimed at opposing criminal activities associated with counterfeiting.

The Prada Group monitors the regulatory process of the "Digital Services Act", given the importance of obtaining the European Union's recognition of greater responsibility for digital platforms and online operators, ensuring more security for businesses and users. The Prada Group also recognizes the importance of using new technologies in the fight against counterfeiting. For example, since January 2022, all Prada products have been equipped with a remote frequency identification (RFID) tag, using a technology that makes it possible to verify the authenticity of the products and track them. Moreover, to further strengthen the product traceability system and guarantee product authenticity, since April 2022, some Prada products bearing the RFID tag have been registered on the blockchain of the Aura Consortium, of which the Prada Group is a founding member. The





combined use of these technologies has among its objectives the creation of an innovative process that increases the consumer's trust of the brand, by providing the customer full transparency of the product life-cycle.

Increasingly extensive surveillance has been implemented over the years to counter the promotion and sale of counterfeit products on websites, E-commerce platforms and social networks. New tools to protect and defend products, such as an ad hoc monitoring system to contrast the sale of Non-Fungible Tokens (NFTs) infringing on the Group's intellectual

property rights, have been adopted. Joint actions with major E-commerce platforms to counter hidden links tactic are in progress.

Thanks to a close collaboration with the authorities, the fight against counterfeiting undertaken by the Prada Group led to, in 2022 alone on a global level, the seizure of more than 670,830 counterfeit products in off-line markets, the deletion of 150,000 unauthorized advertisements, the deactivation of more than 410 websites with illegal content, and the removal of more than 107,000 social media posts.

## 2.5 Product Responsibility

Product quality and customer health and safety are central to the Prada Group's manufacturing processes. The products must meet uniform quality standards and satisfy all current regulations in the more than 70 countries where they are sold.

To achieve these goals, the Group employs technicians with at least ten years' experience, who run strict quality controls on every material used in the production process, from sourcing to the finishing touches. They make periodic visits to the manufacturing sites of raw material suppliers and contractors to assess their processes, the quality of their goods and the general workplace conditions.

Within the scope of these control and guidance activities, the Prada Group has drafted and regularly updates a Restricted Substances List (RSL), emerging from the procedure to sets limits on the presence of chemicals in its products. The Group has also aligned its RSL limits to the more stringent, proactive approach outlined in the "Guidelines on eco-toxicological requirements for articles of clothing, leather goods, footwear and accessories" endorsed by the Camera Nazionale della Moda Italiana (CNMI); these limits are the most virtuous in international practice and aim to ensure higher chemical safety standards than those prescribed by the strictest national and international laws.

The RSL applies to all products supplied directly or indirectly to the Prada Group, such as, for example, raw materials (leather, fabrics, accessories, etc.), semi-finished goods and finished products. This list is addressed to and must be complied with by all suppliers and contract manufacturers who in any capacity, directly or indirectly, are part of the Group's production and/or supply chain, through the supply, sub-supply, production and processing of any material whatsoever (e.g. raw materials, semi-finished products, components, finishing touches, accessories and all materials and/or substances such as dyes, glues, solvents, etc.).

The Prada Group's suppliers of raw materials, packaging and manufacturing services have all received the Group's RSL and have progressively accepted and signed it: by 2022 the proactive level of the RSL reached 100% of the purchase volumes relating to Prada's external industrial suppliers, as well as 100% of the work carried out internally at the Group's production sites.

The full adherence of the value chain is significant for improving the sustainability of the Group's production cycle, as is Prada's ongoing commitment to CNMI programs concerning chemicals, for which in-depth studies have been initiated on the application of the guidelines to manufacturing processes, and other matters.

The collaboration with CNMI continued in 2022 with several meetings taking place to update of the guidelines, which had been disclosed in previous years, on the use of chemicals substances in products and production processes.

To ensure that its RSL is being followed, in addition to requiring certification and testing on components and finished products from every supplier, the Prada Group performs spot checks on all supplies for further internal verification of compliance with the guidelines and certifications produced by suppliers. Tests are carried out through external ISO 17025-accredited analytical laboratories.

The Prada Group assesses the level of compliance achieved by its suppliers and, where necessary, provides all the information to achieve the expected parameters. In this respect, an Internal Laboratory was established in 2022 to assist the monitoring of chemical risk and the budget for controls is constantly growing.

To ensure the quality and performance of Group's materials and products, which are increasingly subject to technological developments, new and more sophisticated mechanical and physical tests, new testing methodologies, and new systems for measuring the performance of our products in the market were introduced during 2022. Everything is carried out systematically, in the pursuit of excellence for products and services, to achieve total customer satisfaction. During 2022, as in 2021, there were no cases of non-compliance with health and safety regulations. Moreover, there were no cases of non-compliance with information and/or labeling requirements in 2022 and 2021.

# 3. For Planet

## Contents

- 3.1 \_ Mitigate Impact on Climate Change
- 3.2 \_ Preserve the Ecosystems
- 3.3 \_ Embrace Circular Thinking
- 3.4 \_ Partnerships: Re.Crea Consortium, Forestami and Ogyre

## Highlights 2022

at December 31, 2022

>65%  
of the electricity purchased  
at global scale is renewable

16  
owned  
photovoltaic plants

+52%  
self-produced  
electricity from 2019

3  
LEED  
certifications for Building  
Design & Construction

70  
LEED  
Interior Design  
& Construction

171  
LEED  
Operations  
& Maintenance

97%  
certified or recycled  
paper for packaging

2  
Science-Based Targets aligned  
with Business Ambition 1.5°C

Environmental protection is a very important matter for the Prada Group that is actively engaged to promote virtuous behaviors to contribute to sustainable long-term growth, while being an example of good practice for the entire industry. This commitment is emphasized in the Group's

Sustainability Policy and represents a pillar of the Prada Group's sustainability strategy, whose main objectives are related to the mitigation of Prada impact on climate change<sup>7</sup>, the preservation of the ecosystems and the promotion of circular thinking.



## 3.1 Mitigate Impact on Climate Change

### Climate Strategy

The Group is aware of the fashion industry's impact on climate change, and as a luxury Fashion Company wants to set the path to decarbonization in a way that will inspire the entire sector leading a positive and impactful change. Since 2014, Prada has been constantly investing in energy efficiency projects and initiatives, aimed at reducing its energy consumption and Greenhouse Gases (GHG) emissions, positively contributing to the global goal of fighting climate change. In particular, numerous projects have been implemented to a different extent within industrial sites, corporate headquarters and retail spaces. Among the most relevant:

- **Relamping project:** since 2014, the Group has been pursuing an important project to replace store lighting systems with LED technology leading to the full conversion in all the stores lighting already in 2018. The direct and indirect energy savings obtained are significant compared with the previous technologies used (fluorescent and halogen lamps); moreover, this also led to less waste disposal considering that LED lamps life-cycle is longer than traditional lamps.

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7-As defined by the United Nations, climate change refers to long-term change in weather patterns as a result of the increases in the Earth's temperature. Since the 1800s, with the advent of industrialization, human activities have been the main driver of the Earth's temperature increase, mainly due to the burning of fossil fuels (such as coal, oil and gas), which generate greenhouse gas (GHG) emissions.

- **Photovoltaic systems:** starting from 2015, Prada began installing photovoltaic systems at its production premises, most of which were installed on industrial sites rooftops in Italy.
- **LEED:** starting from 2016, Prada began the LEED (Leadership in Energy and Environmental Design) certification process for some of its assets, with the aim to increase energy efficiency.
- **Green electricity:** in 2017 the Prada Group signed a partnership and began to purchase electricity supplied by renewables sources with Guarantees of Origin (GoO), both in the Italian territory and on a global scale.
- **Energy box project:** starting from 2017, Prada began a multi-year investment plan to optimize its energy consumption in factories, offices and stores. The project consisted in the installation of

multi-meters to constant monitoring and analyzing consumption information through accurate comparisons between periods.

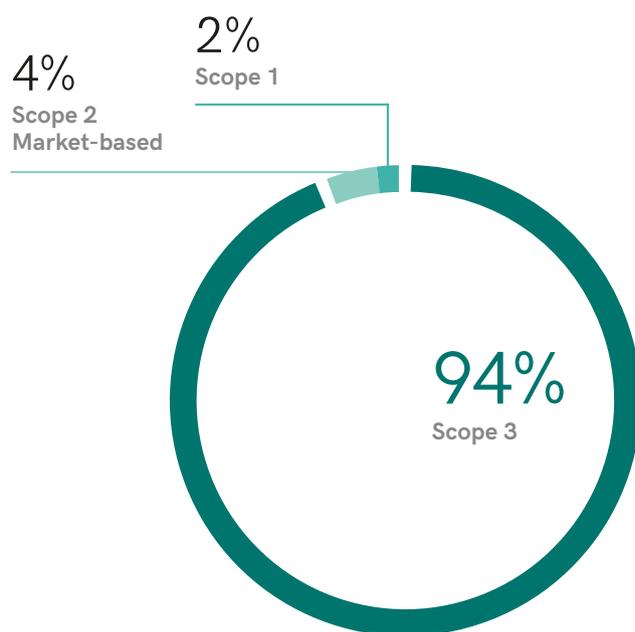
## Calculation of GHG Inventory 2019 - Baseline

In order to have a more holistic and strategic approach to climate change, from 2020 the Prada Group decided to measure the first inventory of the Group's greenhouse gas emissions, measuring the emissions directly related to its activities (Scope 1 and 2) and those caused by the upstream and downstream activities of the value chain (Scope 3), for the year of reference 2019 (baseline), with the aim to identifying the areas having the largest climate impact along the entire value chain.

GHG Inventory - Baseline (tCO <sub>2</sub> e)	2019
<b>Scope 1</b>	<b>8,353</b>
<b>Scope 2</b>	
Location-based	<b>38,773</b>
Market-based	<b>19,506</b>
<b>Scope 3</b>	<b>418,748</b>
3.1 Purchased goods and services	296,715
3.3 Fuel related activities	4,665
3.4 Upstream transportation and distribution <sup>8</sup>	75,096
3.5 Waste generated in operations	2,316
3.6 Business travels	4,722
3.7 Employee commuting <sup>9</sup>	20,631
3.8 Upstream leased assets	14,602
<b>Total GHG emissions with location-based method</b>	<b>493,734</b>
<b>Total GHG emissions with market-based method</b>	<b>446,607</b>

8-Activity refers to inbound and outbound logistics (when costs are paid by the Prada Group). For this item the data have been estimated for a 38%.

9-The data have been calculated on the basis of the commuting route for each employee of the Prada Group; without information on the means of transport it was conservatively assumed that all employees travel by car to work. For this item the data have been estimated for a 30%.



Scope 1 emissions are related to the consumption of natural gas<sup>10</sup>, related to manufacturing sites, logistics centers and warehouses, to the company fleet and to fugitive emissions related to the leaks of refrigerant gases used for air conditioning in production facilities and stores. Scope 2 emissions are related to the purchase of electricity for manufacturing sites, logistics centers, warehouses, offices and stores<sup>11</sup> throughout the world. Finally, for Scope 3 emissions, the main sources are related to the indirect emissions deriving from the purchase of goods and services (71%), followed by the emissions related to inbound and outbound logistics (18%) and employee commuting (5%).

The data presented in this Report are consistent with the data submitted in the CDP Climate Change questionnaire, to which the Prada Group reported for the first time in 2021, with the ambition to be increasingly transparent in reporting on its impacts and in the management of issues related to climate change.

The baseline may change in the course of the next few years due to the updating of some emission factors with particular reference to the ones used for calculating raw materials related emissions. For further details related to the calculation of the GHG inventory see chapter 6, paragraph "GHG Calculation methodology and emission factors".

10-The natural gas consumed in offices and stores have been considered as not material and not included in the calculation.

11-In Scope 2 calculation are considered the emissions related to stores that overlook the street (including outlets), while department stores (including outlets) are accounted in Scope 3 (category 8: upstream leased assets).



## GHG Emissions Reduction Targets and Roadmap

For the Prada Group, the completion of the GHG inventory was the first useful step for measuring its impact on greenhouse gas emissions and identifying areas for improvement.

After a careful analysis of all the possible actions that Prada could implement to reduce its greenhouse gas emissions, in September 2021, the Group officially set GHG emissions reduction targets validated by the Science-Based Target initiative<sup>12</sup> (SBTi). The targets set by the Prada Group related to Scope 1, 2 and 3 are consistent with a scenario that considers a maximum increase of 1.5°C in the Earth's temperature compared to pre-industrial values. Moreover, the Group increased its ambition by committing to reaching Net-Zero by 2050.

GHG reduction targets were officially announced in November 2021 during the Capital Markets Day. On this occasion, the Group disclosed the two following targets:

- Reduce absolute Scope 1 and Scope 2 Greenhouse Gas emissions by 29.4%, by 2026 from a 2019 base year<sup>13</sup>;
- Reduce absolute Scope 3 Greenhouse Gas emissions by 42%, by 2029 from a 2019 base year.

In addition, during the Capital Markets Day, the Group announced its commitment to offset its Scope 1 and 2 emissions from 2022 onwards. The Prada Group became Carbon Neutral<sup>14</sup> for what concerns GHG emissions associated with its own operations (Scope 1 and 2) starting from 2021 reporting year. It is important to underline that the Prada Group sees offsetting as an additional measure, but this initiative does not exempt the Group from reducing its CO<sub>2</sub> emissions.

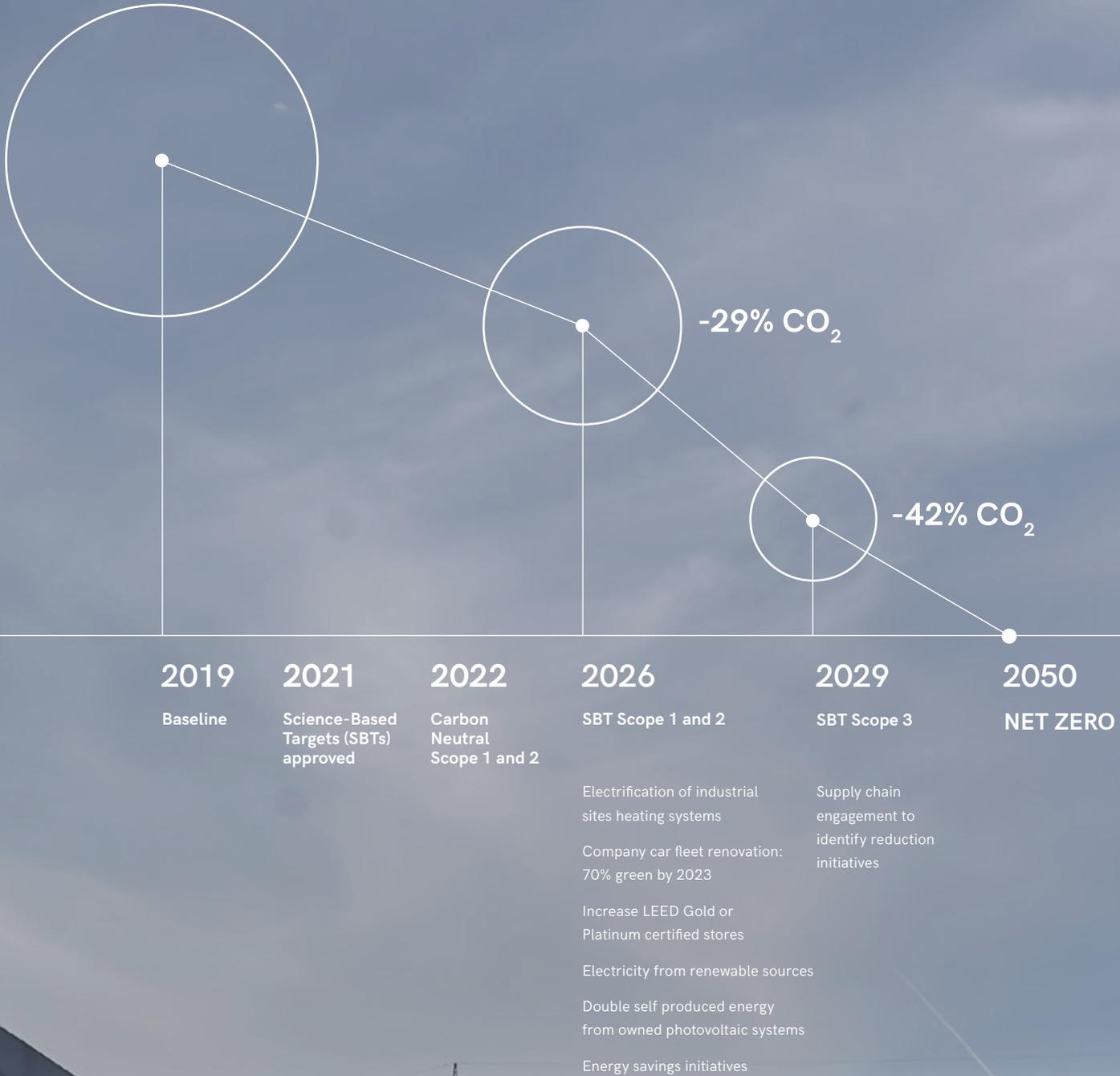
The table below showcases the milestones of the Prada Group's Climate Strategy and the action plan that it started to implement related to Scope 1 and 2 emissions categories.

12-The SBTi was established between CDP, the UN Global Compact, the World Resources Institute and the World Wide Fund for Nature (WWF) in order to support companies in setting GHG emissions reduction targets consistent with the latest climate science.

13-The 2019 base year takes into consideration Scope 2 calculated with the market-based approach.

14-Carbon neutrality is obtained by balancing carbon emissions with offsetting, which means purchasing carbon credits generated by projects with a positive impact to reduce or neutralize the impact generated by an organization's own activities. In particular, each credit, certified according to the most important and recognized international standards, certifies the reduction or removal of one tonne of CO<sub>2</sub>e.

# Prada Group's Climate strategy



PRADA

## Electrification of industrial sites heating systems

One of the main drivers for achieving the European Green Deal's zero-emission target is the electrification of consumption, which, combined with the integration of renewable energies into national energy mixes, would make it possible to reduce emissions considerably.

### 2019

Already in 2019, three industrial sites were not using natural gas for heating. In particular, the production plant in Scandicci and the warehouse in Montegranaro are provided with full electric systems for heating, while the production plant in Piancastagnaio is equipped with a geothermal system.

### 2021

By 2021, two more interventions were carried out in the production plant located in Arezzo and in the warehouse of Levanella converting the heating systems to electric, leaving natural gas only as a back-up. Moreover, the new logistics hub was designed equipped with a geothermal system.

### 2022

During 2022, the industrial sites of Montegranaro and Terranuova were electrified with the substitution of natural gas used for heating; the new production site in Sibiu - opened in 2022 - was also designed with electric heat pumps, using natural gas only as a back-up option, in case of extreme weather conditions.

## Future objectives

The Prada Group will keep exploring opportunities for electrification on its existing assets, where technically feasible, and will consider electrification of consumption a priority for newly built industrial sites. Two more interventions are already planned for 2023, targeting production sites that use larger quantities of natural gas.

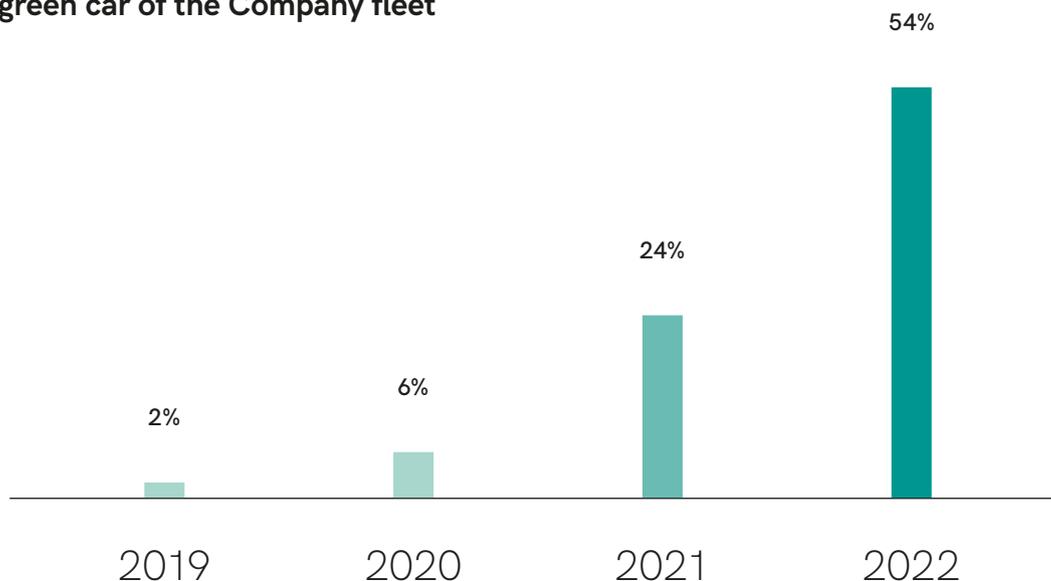
## Green Company Car Fleet

During 2022, the Prada Group continued the progressive replacement of gasoline and diesel-powered vehicles with hybrid and electric ones.

At the end of the year, 54% of the Group's car fleet was made of green vehicles<sup>15</sup>, almost the double compared to 2021. The target of 60% by 2022 was not fully met due to the difficulties faced by the automotive industry as a result of raw material shortages, but the Prada Group's new goal is to reach 70% by 2023.

At the same time, Prada continues to invest in the infrastructures aimed at enabling electric mobility by installing charging stations at its Headquarters and main production sites.

## % of green car of the Company fleet



The Group's efforts to convert its car fleet have resulted in a reduction in the GHG emissions intensity.

<sup>15</sup>-Green vehicles include BEV (Battery Electric Vehicle), PHEV (Plug-in Hybrid Electric Vehicle), HEV (Hybrid Electric Vehicle), MEV (Micro-Electric Vehicle).

## GHG emission intensity of the Company's car fleet (KgCO<sub>2</sub>e/Km travelled)



### LEED Gold or Platinum Certified Stores

The Group's ambition is to have the most efficient and sustainable stores. For this reason, every time a new store is built, or an existing one is renovated, the Group aims to achieve the LEED (Leadership in Energy and Environmental Design) certification.

At December 31, 2022, the Prada Group counts:

- 3 LEED certified Building Design and Construction (the Scandicci plant, the Logistics Hub in Levanella and the Arezzo plant);
- 70 LEED v4. Interior Design and Construction certified stores;
- 171 LEED v4.1 Operations and Maintenance (O+M) certified stores.

The Group's ongoing commitment to this issue has enabled to achieve the highest number of LEED certifications in the high-end luxury sector, more than doubling the number of LEED v4.1 Operations and Maintenance certified stores in just one year.

### Electricity from Renewable Sources

In 2017, the Prada Group signed a partnership and began purchasing electricity from renewable sources with Guarantees of Origin (GO), both in Italy and worldwide.

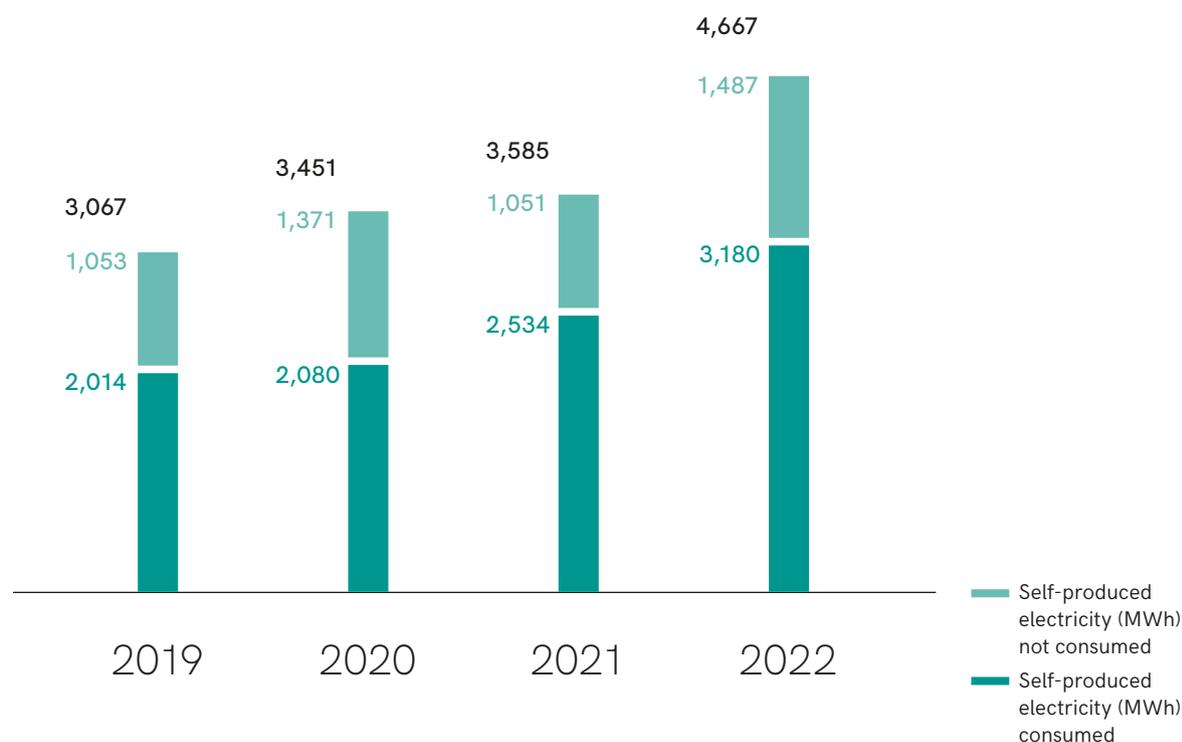
More specifically, in continuity with previous years, the Group purchased certified renewable electricity with Guarantees of Origin in Italy, the United Kingdom, Germany, France, Austria, the Netherlands and Switzerland. In addition, the Group purchased International Renewable Energy Certificates (I-RECs) in China, covering 100% of its electricity consumption from renewable sources. In 2022, 66% of the total electricity purchased came from certified renewable sources (54% in 2021), avoiding over 25,000 tons of CO<sub>2</sub>e<sup>16</sup>. Prada is fully committed to increasing this share in the coming years, focusing on other strategic countries.

### Electricity from owned Photovoltaic Systems

At December 31, 2022, the Prada Group counts 16 photovoltaic systems installed mainly at its production sites. During 2022, Prada installed 3 new photovoltaic systems in the site of Levanella, Tuscany. Overall, during the year, the Group was able to produce 4,667,107 kWh of renewable electricity, +52% compared to 2019 (3,066,534 kWh), and 3,180,679 kWh were consumed internally, +58% compared to 2019. The photovoltaic plants installed at global level allowed to cover around 4% of the entire Group's electricity need, while the photovoltaic plants installed in industrial sites allowed to cover around 14% of the entire industrial electricity need.

16-The emissions avoided were calculated using the market-based calculation method.

## MWh of electricity from photovoltaic plants



## 2022 Energy Consumption and Scope 1 and 2 Emissions

The target of the Group is to double the self-produced electricity from owned photovoltaic systems by 2026 from the 2019 base year. The installation of photovoltaic systems on two of the Group's plants is already planned for 2023, with the potential to increase production capacity by around 20% in the coming years.

Energy consumption under the direct control of the Prada Group is related to electricity (77%), natural gas (11%) and the Group's corporate car fleet (11%). Compared to 2021, the Group's direct energy consumption has decreased by 10%, mainly due to a reduction in the use of natural gas (-16%) and

Energy consumption (GJ)	2020	2021	2022
Company fleet	28,585	43,445	44,847
Natural gas	55,949	53,369	45,062
Electricity	312,544	340,084	303,842
<b>Total energy consumption</b>	<b>397,079</b>	<b>436,898</b>	<b>393,751</b>

electricity (-11%), while consumption related to the Company's car fleet has slightly increased (3%). The GHG emissions related to the consumption of gas, fuel and refrigeration gas refills (Scope 1) amounted to 7,475 tons of CO<sub>2</sub>e, recording a 11% decrease compared to 2019 baseline. Moreover, in 2022 the Prada Group signed a contract with its gas supplier to offset the GHG emissions linked to the

consumption of natural gas from its production facilities in Italy, through the purchase of certified carbon credits from the supplier, resulting in the offsetting of 1,868 tons of CO<sub>2</sub>e. Scope 2 emissions related to the electricity purchase decreased by 24% compared to 2019 using the location-based method and by 44% considering the market-based method.

Scope 1 and 2 emissions (tCO <sub>2</sub> e)	2019	2020	2021	2022
Company fleet	3,698	2,042	3,089	3,173
Natural gas	3,243	3,164	3,017	2,540
F-gas leaks	1,412	1,182	1,639	1,762
<b>Total Scope 1</b>	<b>8,353</b>	<b>6,388</b>	<b>7,744</b>	<b>7,475</b>
Electricity - location-based	38,773	33,429	34,044	29,445
Electricity - market-based	19,506	18,251	20,620	10,905
<b>Total Scope 1 + 2 (location-based)</b>	<b>47,126</b>	<b>39,817</b>	<b>41,788</b>	<b>36,920</b>
<b>Total Scope 1 + 2 (market-based)</b>	<b>27,859</b>	<b>24,639</b>	<b>28,364</b>	<b>18,380</b>

The Prada Group has set a target to reduce its Scope 1 and 2 emissions by 29.4% by 2026, compared to the 2019 baseline. **Thanks to the implementation of the numerous initiatives previously described, the Group was able to reduce its Scope 1 and 2 emissions by 34% if compared to 2019 baseline, in line with the targets set with the SBTi.**

In the table below, the Prada Group's Scope 1 and 2 emissions (market-based) vs scenario aligned with the SBTi Target (tCO<sub>2</sub>e).

Finally, as already mentioned, the Prada Group is Carbon Neutral for its own operations (Scope 1 and 2) from reporting years 2021 onwards.

Prada Group's Scope 1 and 2 emissions (market-based) vs Scenario aligned with the SBTi Target (tCO<sub>2</sub>e)



## 2022 Scope 3 Emissions

The Prada Group has also calculated its indirect GHG emissions (Scope 3) for 2022 reporting year. The calculation of the Group's carbon footprint will be carried out annually to monitor progress against reduction targets - validated by the Science-Based Targets initiative, and ultimately to be more transparent towards stakeholders.

Scope 3 emissions (tCO <sub>2</sub> e)	2022
3.1 Purchased goods and services	213,751
3.3 Fuel related activities	8,653
3.4 Upstream transportation and distribution <sup>17</sup>	57,616
3.5 Waste generated in operations	198
3.6 Business travels	3,239
3.7 Employee commuting <sup>18</sup>	10,712
3.8 Upstream leased assets	15,712
3.15 Investments	790
<b>Total Scope 3 emissions</b>	<b>310,671</b>

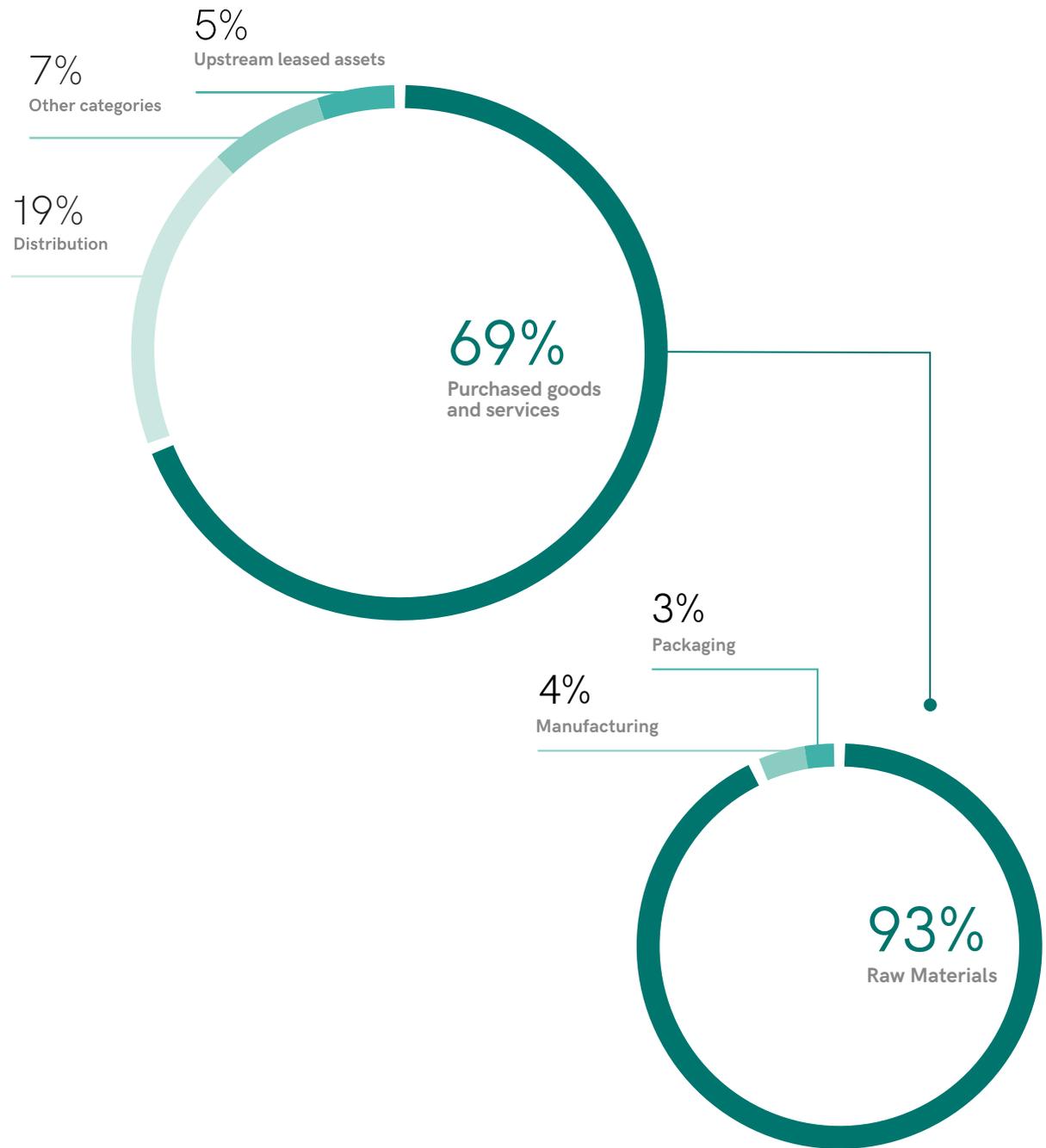
Also in 2022, the main sources of Scope 3 emissions are related to the purchase of goods and services (69%), upstream logistics and distribution (19%), upstream leased assets (5%) and employee commuting (3%). Compared to 2019 baseline, emissions related to investments have been added following the acquisition of a minority stake in Filati Biagioli S.p.A. and Conceria Superior S.p.A.; in

particular, GHG emissions related to electricity and fuel purchases have been included proportionally; both companies sourced the majority of the electricity consumed from certified renewable sources. The Group is committed to implement concrete actions in the short and medium-term to reduce its Scope 3 emissions through the direct engagement of the supply chain.

17-For this item the data have been estimated for a 27%.

18-A survey on commuting was sent to all Prada Group employees to calculate this item.

### Scope 3 Emissions Main categories





## 3.2 Preserve the Ecosystems

Nature has a central role in solving climate crisis. As already mentioned in the paragraphs above, the Prada Group has set clear and public targets to fight climate change, and latest evidence shows that tackling climate change and biodiversity loss together will be fundamental in the future. Plant and animal species are disappearing at an accelerating rate due to human activities, and the fashion industry can be not only a contributor to biodiversity loss but part of the solution, primarily through innovation and more responsible production, processing and raw materials sourcing.

Raw materials are an essential part of product quality and are of paramount importance to all the Group's brands. As such, addressing the potential biodiversity impacts of their sourcing is a key focus for the Group.

Actions taken in the design and specification of products have an impact further up the supply chain. That is why the Group is using its technical expertise and tighter control over the manufacturing process - thanks to a progressive vertical integration model - to reduce its dependence on raw materials by applying circular economy principles and material innovation, such as the reuse or recycling of all production offcuts. This plays an important role in reducing potential impacts on biodiversity, many of which occur during the production of the raw materials themselves. Choices around packaging and disposal are also critical as textile waste that ends up in landfill sites may contribute to habitat loss.

In accordance with Science-Based Targets for Nature (SBTN) hierarchy, the Prada Group based its biodiversity commitment on three core pillars: avoiding and reducing the pressures that lead to nature loss; restoring and regenerating nature so that its extent and integrity can recover; and transforming the underlying systems at multiple levels to address the drivers of nature loss.

### Optimization of Processes and Consumption of Raw Materials

The Prada Group feels a sense of responsibility for sourcing and managing raw materials in a manner that considers not just the intrinsic value given by the quality of the raw materials used, but also their origin and the manufacturing processes that they undergo. The

protection of the environment and its biodiversity is a fundamental element of the Group's growth strategy and means not only complying with environmental, ethical and social regulations but also contributing to the future availability of the resource itself.

As fully described in chapter 2, paragraph 1 "Industrial Strategy", investments made in industrial development in the last years have led to insourcing various production phases, with the purpose of maintaining quality at the highest levels of excellence while optimizing the use of raw materials.

The clothing, footwear and leather goods divisions directly select the suppliers of all raw materials that are used in the production of finished products - even those used by their manufacturing suppliers - coordinating and monitoring the entire production process, in the constant quest for the highest quality standard and ethical integrity. This strong integration of design, product development and the combination of direct and outsourced production - a distinctive element that has characterized the overarching Prada Group's industrial strategy - ensures the full control of a crucial phase of the value chain. The vast majority of the prototypes and samples, as well as a part of the finished products and the most delicate phases of production, such as the control of all raw materials and the product accessories (also for suppliers), and the cutting of hides, are internalized and carried out at the Group's plant level.

The Group strictly adheres with local and international regulations governing the sourcing, import, use and export of raw materials, such as the Convention on International Trade in Endangered Species (CITES), and ensures that it does not use materials or species that are threatened with extinction or are sold illegally.

Already in 2019, in collaboration with the Fur-Free Alliance (FFA), the Prada Group announced the adoption of a Fur-Free Policy for all its brands, thus allowing the research and development of new, more innovative and responsible materials.

The materials Prada uses in the manufacturing process can be broken down into primary materials - such as leather, fabrics and yarns - and ancillary materials or semi-finished products - such as soles, heels, zippers, buttons, threads, ribbons, buckles, clasps and name plates.

The most significant information relating to raw materials purchased from 2020 to 2022 is listed below, including the related unit of measure.

Raw Material	Units	2020	2021	2022
Leather	Feet	11,898,684	17,408,039	<b>17,354,782</b>
Fabrics	Meter	2,911,897	4,039,425	<b>3,050,109</b>
Yarns	Kilo	109,788	185,055	<b>120,068</b>
Shoes' soles	Pair	978,927	1,436,327	<b>1,415,264</b>

In the table above, data shows that in 2020 the pandemic had a significant impact on the Prada Group's production processes. The suspension of activity and the closure for five weeks of 21 factories caused a great effort in the proactive and efficient management of inventories to align the purchases of raw materials with the rescheduling of production according to a completely extraordinary situation. In 2022, raw material procurement was substantially in line with previous year. Moreover, The Fashion Pact coalition includes the use of low-impact raw materials among its main objectives; this focus is shared by the Group's commercial partners and is in fact speeding up the cultural and technological transition necessary to satisfy the growing demand for more sustainable alternatives, which will be increasingly integrated into production processes to encourage

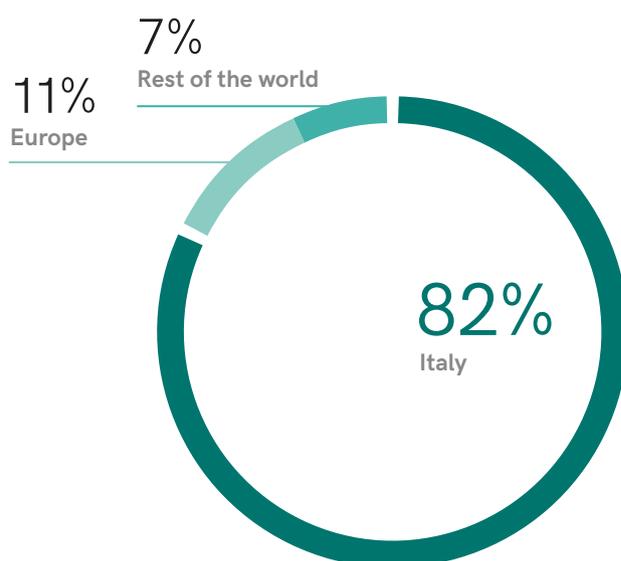
greater circularity of the supply chain.

In line with this commitment, in March 2022, the Prada Group became member of Textile Exchange to develop new expertise on responsible materials and advanced solutions within the textile industry.

## Leather

The focus on Italian origin is demonstrated by the procurement data regarding leather for footwear, bags and accessories. In terms of quantity, in 2022, 82% of the leather came from Italian tanneries renowned for their quality and long tradition. Another 11% has been purchased from suppliers based in the rest of the European Union, while the remaining 7% came from outside the European Union.

### Leather (qty)



Leather is purchased from selected tanneries following criteria that meet environmental and social parameters for production. 100% of the leathers come with a certificate of origin, a data sheet guaranteeing quality and compliance with standards, and certification regarding the parameters stated on the Group's Restricted Substances List (RSL). In 2021, the Prada Group communicated the important goal of achieving full conversion of purchased leather to Leather Working Group (LWG) certified tanneries by 2023. At the end of 2022, 74% of the Group's tanneries were already LWG certified or audited but, given the complexity of the sector and the maturity level of some suppliers, the Group decided to postpone the target to the end of 2024. The Leather Working Group is the number one globally recognized brand representing responsible leather sourcing to the industry and to consumers. Its mission is to improve the impact of the leather supply chain by becoming the overarching standard for leather manufacturing, covering all elements and actors in the value chain. In July 2022, the Prada Group became a member of LWG, reinforcing its commitment to an increasingly responsible sourcing.

## Water Management

The Prada Group is aware of the growing importance of water-related issues and the impacts that the fashion industry has on water consumption and water pollution relating to both raw materials procurement and the industrial processes referred to raw materials transformation.

The Group's water consumption is mainly related to sanitary services and irrigation of green areas; the only production sites where water is used for industrial processes are its French tannerie, where leather is processed, and the production facility in Torgiano (Italy), where knitwear is processed and therefore numerous washing cycles are carried out.

The Group is committed to reducing and increasing the efficiency of water consumption at its industrial sites. For example, at the Torgiano factory a closed-circuit multi-purpose machine was installed to cool the dry-cleaning machines. Moreover, in both Torgiano and Valvigna Italian production sites, rainwater is recovered for sanitary or irrigation purposes. Finally, at the new logistics hub, where

a geothermal heating system is used, the exchange water is recovered for sanitary and irrigation purposes.

In addition, in 2022 the Group purchased for six of its production sites ultrasonic washing machines dedicated to cleaning some of the components used in the production, allowing the reuse of the same water in a closed circuit, thus reducing total water withdrawals.

Overall, as shown in the table below, in 2022, the Group withdrew<sup>19</sup> for its production sites a quantity of water equal to 463,380 m<sup>3</sup>, 83% of which came from groundwater (e.g. wells), 14% from third parties (e.g. aqueducts) and 3% from superficial waters (e.g. rivers). The reporting perimeter includes the data related to 100% of the Prada Group's production facilities.

Water withdrawals for production <sup>20</sup> (m <sup>3</sup> )	Total withdrawals 2022 <sup>21</sup>	Total withdrawals 2022 (from water stressed areas)
Groundwater	384,493	384,493
Surface water	13,227	2,792
Municipal water supply	65,660	62,020
<b>Total water withdrawals</b>	<b>463,380</b>	<b>449,305</b>

The Group strictly respects any local, national and international relevant law concerning water usage and discharges. Water discharges are of particular importance for industrial sites that use water in their industrial processes, such as the above-mentioned factories in Torgiano (Italy) and Limoges (France). In particular, at the Torgiano site there is a wastewater treatment plant that filters civil and industrial water coming from the site. At the French tannerie, the wastewater is treated in a purification plant before being sent to a municipal wastewater treatment plant, where the sludge is filtered; a monthly analysis of the wastewater is then carried out by a government laboratory in order to assess the presence of chromium or other hazardous substances.

## Waste Management

In the last years, the Group conducted a review of the processes carried out and waste produced in each manufacturing phase at the factories, and subsequently set up a system to manage the internal cycle of waste collection, temporary storage, transport and disposal. The analysis enabled to

optimize the production cycles, thereby reducing waste production and increasing the proportion of waste recycled. The Prada Group also places great emphasis on encouraging its staff to use industrial waste collection methods and standards that can ensure waste reuse and recycling or disposal according to best practices.

The significant Group's industrial investments, especially those regarding the most delicate phases of the production processes, have made it possible to reduce the production waste relating to clothing, leather goods and footwear products and, at the same time, to effectively manage waste collection and disposal.

As shown in the table below, on December 31, 2022, the Prada Group produced 2,037 tons of industrial waste, reporting a decrease of 46% compared to 2019 and a decrease of 8% compared to 2020.

The waste generated in the Group's factories mainly consists of paper and cardboard, packaging materials, textile and leather waste. Just around 2% of the waste produced is classified as hazardous waste and is managed, transported and delivered to authorized disposers in compliance with current regulations.

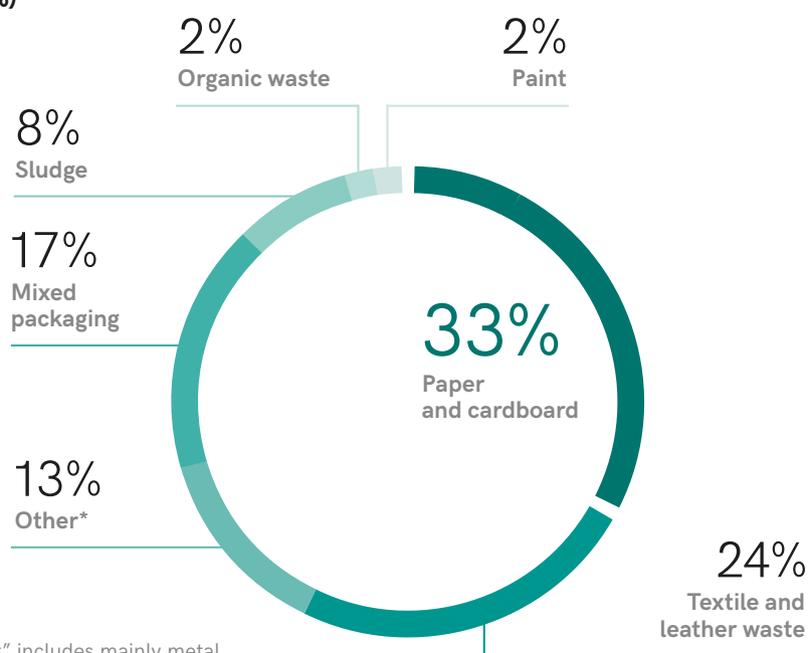
19-In 2022, according to the online database "Aqueduct" that is aligned with the World Resource Institute (WRI), 90% of the Group's industrial withdrawals took place in water-stressed areas, considering that Tuscany and Marche regions, where most of the Group's production sites are located, are considered high-water risk areas.

20-The data in the table refers to freshwater.

21-Due to a refinement in the methodology of data gathering of water withdrawals, only 2022 data has been published to avoid miss-comparison between reporting years.

Waste composition (tons)	2020		2021		2022	
	Waste generated	Waste diverted from disposal %	Waste generated	Waste diverted from disposal %	Waste generated	Waste diverted from disposal %
<b>Non-hazardous waste</b>	<b>2,202</b>	<b>56%</b>	<b>2,184</b>	<b>62%</b>	<b>1,994</b>	<b>70%</b>
Paper and cardboard	683	100%	680	100%	682	100%
Mixed packaging	284	100%	351	100%	326	99%
Textile and leather waste	491	25%	489	44%	491	37%
Sludge	455	0%	403	0%	156	0%
Organic waste	14	0%	58	8%	48	0%
Metal	24	100%	41	100%	33	100%
Paint	2	0%	8	0%	36	0%
Other	249	47%	154	33%	224	80%
<b>Hazardous waste</b>	<b>15</b>	<b>41%</b>	<b>26</b>	<b>6%</b>	<b>42</b>	<b>53%</b>
Mixed packaging	11	57%	11	15%	28	72%
Solvents	2	0%	5	0%	2	0%
Paint	1	0%	2	0%	1	0%
Organic waste	-	0%	1	0%	1	0%
Other	2	0%	8	0%	11	0%
<b>Total</b>	<b>2,217</b>	<b>56%</b>	<b>2,210</b>	<b>61%</b>	<b>2,037</b>	<b>70%</b>

### Waste 2022 (%)

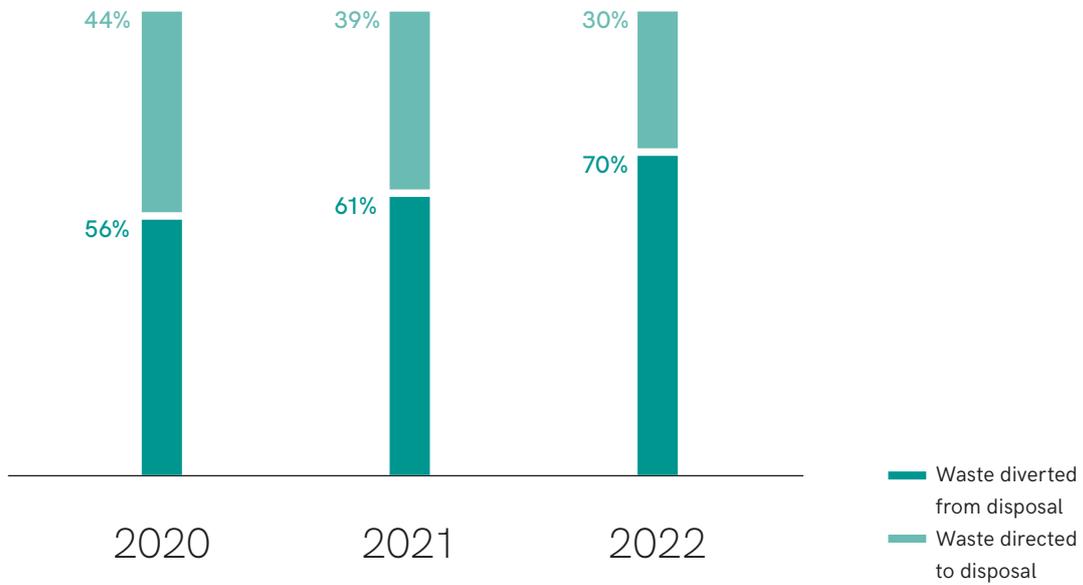


\*The category "Other" includes mainly metal, solvents and other small amount of waste.

In 2022, about 70% of the waste generated by the Group was diverted from disposal, reporting a steady increase from both 2021 (+61%) and 2020

(+56%). Waste diverted from disposal does not include waste destined for energy recovery (15% of the total).

**Waste and disposal method (%)**



In its production sites based in Italy, the Group has implemented special initiatives to recycle production waste, following a circular economy approach. Indeed, 95% of the waste from processed textile fibers generated in Italy are recycled. General textile fiber scraps of mixed composition and color are recycled as secondary raw materials in the automotive sector, while

wool and cashmere scraps are sent to companies that recycle them into raw materials (yarns). The same is done with Re-Nylon, whose scraps are collected and returned to the supplier, who reintroduces them into the production system, thus becoming a production input for the Prada Group. Finally, 32% of leather waste is recycled in the fertilizer and manure industry.



## Preservation of the Territory

Respect for places is a guiding principle for the Prada Group. Reducing land take, renovating and upgrading existing facilities are at the core of the industrial development of over thirty years of activity. Indeed, the Prada Group prefers to purchase and renovate existing buildings and the few newly constructed ones fit in harmoniously with the local areas, without causing disruption.

The Prada Group has more than 200,000 m<sup>2</sup> of production facilities and warehouse spaces, located almost entirely in Italy. Among these, 6 are new buildings and many are cases of renovations of industrial buildings and degraded sites that had been abandoned for many years.

When the Prada Group is unable to restore existing buildings, it hires masters of architecture such as Guido Canali, known for his sustainable architecture, to ensure results that have a low impact on the territory and that create a new landscape that fits harmoniously with the surrounding area.

Facilities are designed and conceived as workplaces of people and for people, and to respect nature faithfully. Those in Montevarchi and Valvigna, Tuscany, and in Montegrano, in the Marche region, were designed

specifically with the environment in mind; the volumes have a contained visual impact also thanks to the vegetation and well inserted in the landscape. This feature makes them fully fledged "garden factories". The factories, with their wide, bright spaces enclosed by hanging gardens, are intended to have a discreet external image, but also distinctive interiors experienced by the employees.

Among the projects designed by Guido Canali, the logistics hub in Levanella (Tuscany) is the focal point of a major restructuring project regarding outbound logistics. The hub was designed to be responsibly integrated into the territory thanks to border plantings, artificial dunes, roof gardens, glass walls, walkways, and outdoor relaxation areas.

The green areas occupy more than 50% of the entire surface of the structure, maintaining intact the vegetation typical of the Mediterranean scrub to preserve the variety of local flora and insulate the buildings.

In terms of energy efficiency, the logistics hub is a reference point for the Group's cutting-edge industrial structure since it was built with a photovoltaic system, LED lighting, an energy-saving smart home system, and a geothermal plant.

### 3.3 Embrace Circular Thinking

The principle of circularity, or circular thinking, is perfectly aligned with the Prada Group's climate and biodiversity strategy. It is integrated throughout the Group value chain, from the growing use of recycled and regenerated raw materials to the proper management of scrap materials that can be repurposed and reused in alternative supply chains.

The commitment to durability of materials and product retention of technical characteristic combined with the timeless nature of collections - thus extending their period of use - guarantees the Group's success in implementing a truly circular approach. To this end, the stores provide clear information about proper product maintenance and supply after-sales and repair services thanks to a worldwide network of repair hubs. Keeping a product in use for longer - and ensuring that it is designed to last - requires the best-quality materials, the highest levels of craftsmanship and time to think and consider how it will be worn and used, also thanks to the dissemination of eco-design principles across designers thanks to dedicated training sessions.

The Prada Re-Nylon project is perhaps the most emblematic example of the Group's systemic change toward circularity: the decision to exclusively use nylon obtained from the recovery and recycling of waste

materials, that otherwise would have been destroyed, has facilitated the integration of this approach across process levels. In this case, the circular mindset extends to the proper recuperation of production scraps, which is reused in the regenerated nylon production system thanks to close collaboration with the fabric suppliers. The Upcycled by Miu Miu project is another example, the experimentation on existing products, offering a new perception of vintage to the customer.

Circular thinking has also involved other processes of the Prada world. For example, the Prada Group Re-Set project has made it possible to set up a real system for recuperating the materials used during events and fashion shows so that they can be reused.

Finally, extensive mapping of the packaging material has led to solutions to reduce both the quantity of the materials used in industrial distribution and the environmental impact through the employment of more sustainable options. Moreover, as part of The Fashion Pact, the Prada Group pledged to end single-use plastics in its business to consumer (B2C) packaging by 2025 and business to business (B2B) by 2030: while there has been significant progress at B2C and E-commerce level, the elimination of packaging when suppliers and third parties are involved requires systemic change across the supply chain and warehouses.





## Prada Re-Nylon

Nylon is emblematic of the Prada brand and is a distinctive feature of its approach to contemporary fashion. The Re-Nylon project, an important sustainability initiative for the Prada Group, has emerged from a profound reflection on the growing concern of today's society for environmental protection. The Prada Re-Nylon collection is crafted entirely from regenerated nylon created through the recycling and purification of plastic collected from oceans - like fishing nets - and landfills, as well as textile fiber waste globally. Through a process of de-polymerization, purification and transformation of

the new polymers into threads, this material can be made into new nylon fabric.

After a first edition limited to men's and women's bags and accessories launched successfully in 2019, in 2020 the use of Re-Nylon was expanded to clothing and footwear. In 2021, the Prada Group succeeded in totally converting from virgin nylon to regenerated nylon and extending the Prada Re-Nylon collection in part to its partnership with adidas - launched in 2022 - confirming, once again, Prada's commitment to finding lower environmental impact solutions involving prominent partners.

## Prada Fine Jewelry: Eternal Gold

In 2022, Prada Group's wide-ranging commitment to increasingly responsible practices across its value chain is an essential part of Eternal Gold, Prada's first truly sustainable fine jewelry collection.

100% of the gold used in Prada fine jewelry is Certified Recycled Gold, meeting "Chain of Custody" standards set by the Responsible Jewelry Council (RJC). Every step of Prada's responsible gold and diamond production chain is verifiable and traceable, something offered by no other fine jewelry or luxury fashion house in the world.

Recycled gold is drawn only from eligible recycled material sources, including industrial gold and post-consumer precious objects.

For this collection, the Prada Group collaborates with key actors in the supply chain of precious metals and

diamonds who meet the highest industry standards and who drive radical transparency and real improvement to sustainable practices in the fine jewelry industry, in terms of human rights, labor safety, environmental impact and business ethics.

The concept of traceability of origins extends to stones of all sizes, while traceability of diamond origins is conventionally only possible with stones of 0.5 carat or larger. It also extends through the entire value chain, from mining to cutting, setting and polishing - every step of every diamond's life can be traced.

In a ground-breaking new step for fine jewelry, records of this verification have been logged on the Aura Consortium Blockchain's platform and can be accessed by Prada customers who also will be able to trace the provenance of every aspect.



**100% of the gold used  
in Prada fine jewelry  
is Certified Recycled Gold.**

For 10 years I dressed in vintage. I often asked myself why I liked it so much and I think it is the history. Each dress represents a person, a piece of a life. For me, the past always had incredible value because anything you learn comes from there.

Miuccia Prada

### Upcycled by Miu Miu

Upcycled by Miu Miu is a special collection of vintage dresses reworked and transformed by Miu Miu, carefully sourced from vintage clothing stores and markets worldwide.

The project was launched in 2020 with a selection of vintage dresses, reinterpreted using Miu Miu's aesthetic codes. In 2021, the project continued to develop a culture founded on new business models and, in particular, on sustainability by giving new life to pre-owned and pre-loved clothes. This time Miu Miu unveils the new collaboration with Levi's® dedicated to vintage denim.

In September 2022, a limited edition of leather jackets has been launched, specially created and shown on the runway for the Fall/Winter 2022 season. As for previous editions, no more than 50 items are carefully sourced from vintage markets across the world, re-fashioned by Miu Miu and finished in the atelier by hand.

## Repairs

The Prada Group has always offered its customers after-sales service, including repairs, for all its products of all brands, anywhere in the world, firmly believing that a luxury product is meant to last. Thanks to its tradition of craftsmanship, the maintenance and restoration of its luxury products to prolong their life as much as possible are fundamental to the Group's sustainability strategy and long-term vision of circularity.

The repair service is handled both centrally, through the HQ industrial sites, and locally for a total of 12 repair hubs worldwide. The four central hubs are in Tuscany (Italy), where most of the production is localized, and

supplies spare parts to repair hubs around the world for all product categories.

Repair hubs around the world offer an immediate solution for clients, a local service to customers while they also allow to reduce the carbon footprint associated with product returns to Italy. Repair services are granted by skilled craftspeople.

Approximately all the hubs cover the three main product categories, ready-to-wear, leather goods and shoes, and are present in various geographies such as United States, Japan, China, Korea, Singapore and Hong Kong.

### Repair Hubs

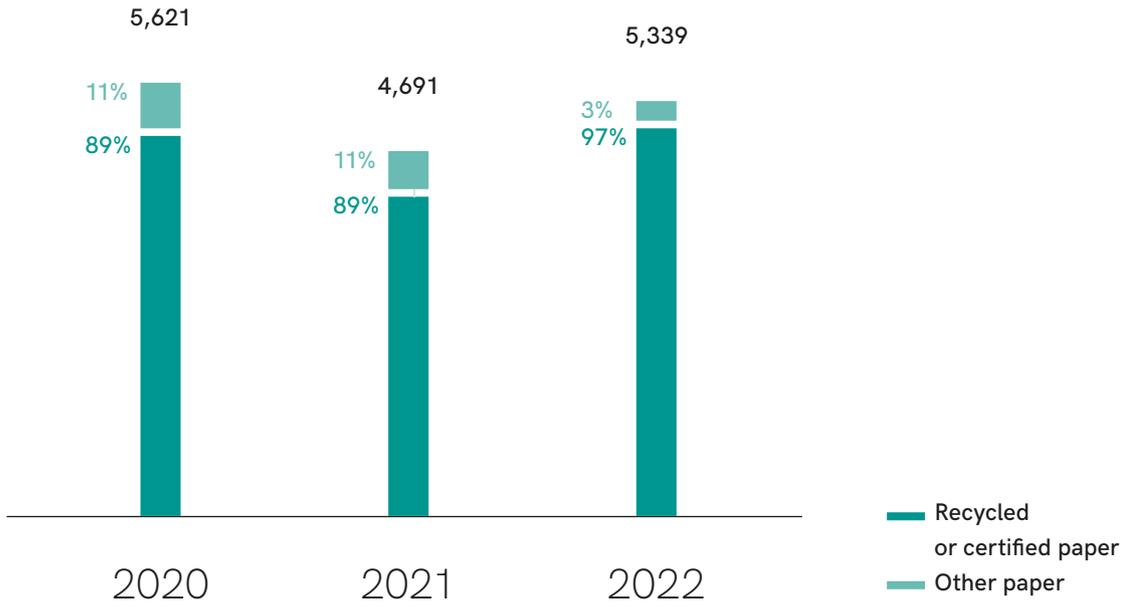


## Packaging: Paper and Plastic

In 2022, the Prada Group purchased 5,339 tons of paper for packaging worldwide. Despite the overall increase in purchasing volumes, in line with the Group's sales growth, the share of paper certified by the Forest Stewardship

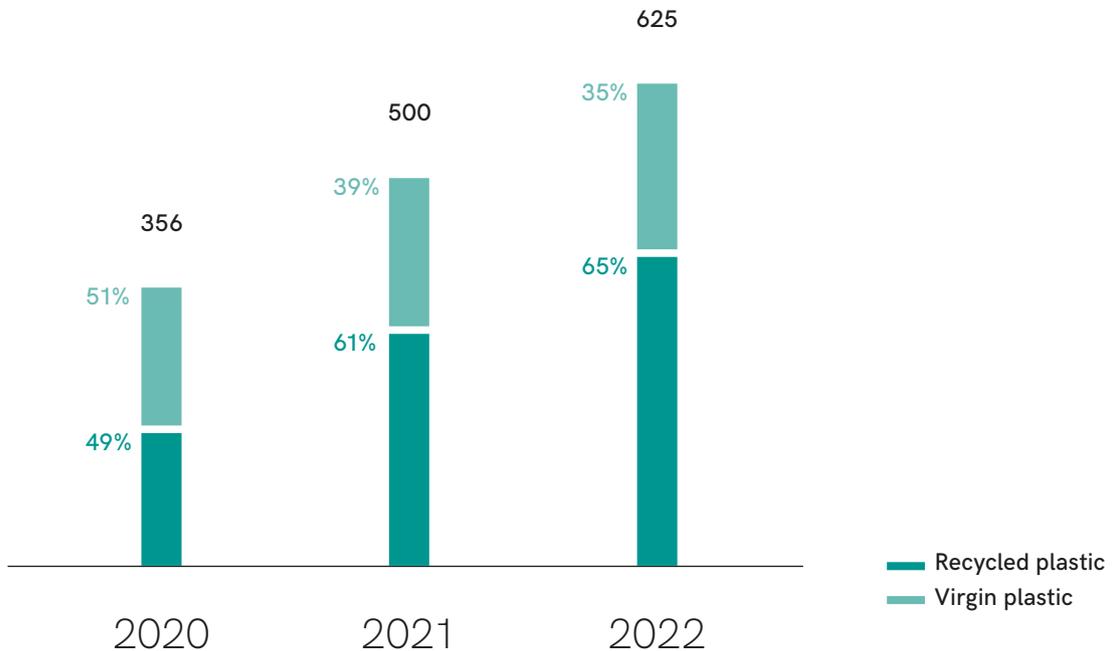
Council (FSC), or recycled, reached 97% of the total packaging purchased, recording a significant increase compared to the previous year (89%), confirming the Group's strong commitment towards lower impact solutions.

### Purchase of paper for packaging (tons)



The graph below shows the % of virgin and recycled plastic used in product packaging; in 2022, plastic with recycled content reached 65% out of a total of 625 tons (61% in 2021).

### Purchase of plastic for packaging (tons)



In line with The Fashion Pact commitment of reducing single use plastics, the Prada Group in Italy replaced all the plastic bottle in vendor machines, along with plastic cups and sticks, installing water dispensers in corporate spaces and canteens. The investment

started in 2020 and, despite the relevant slowdown due to the pandemic emergency, brought to the elimination of around 800,000 single-use plastic bottles and around 1,200 million plastic cups and sticks in 2022.



### Frangrance Packaging: Prada Paradoxe

During 2022, the Prada Group's investigation on circularity finds a new application when, for the launch of the new Prada Paradoxe women's fragrance, a refillable bottle is selected with a shape that reinvents the brand's most iconic code: its triangle logo. The customer, therefore, has the opportunity to keep the bottle thanks to a refill system that can be applied an infinite number of times.

## Prada Group Re-Set

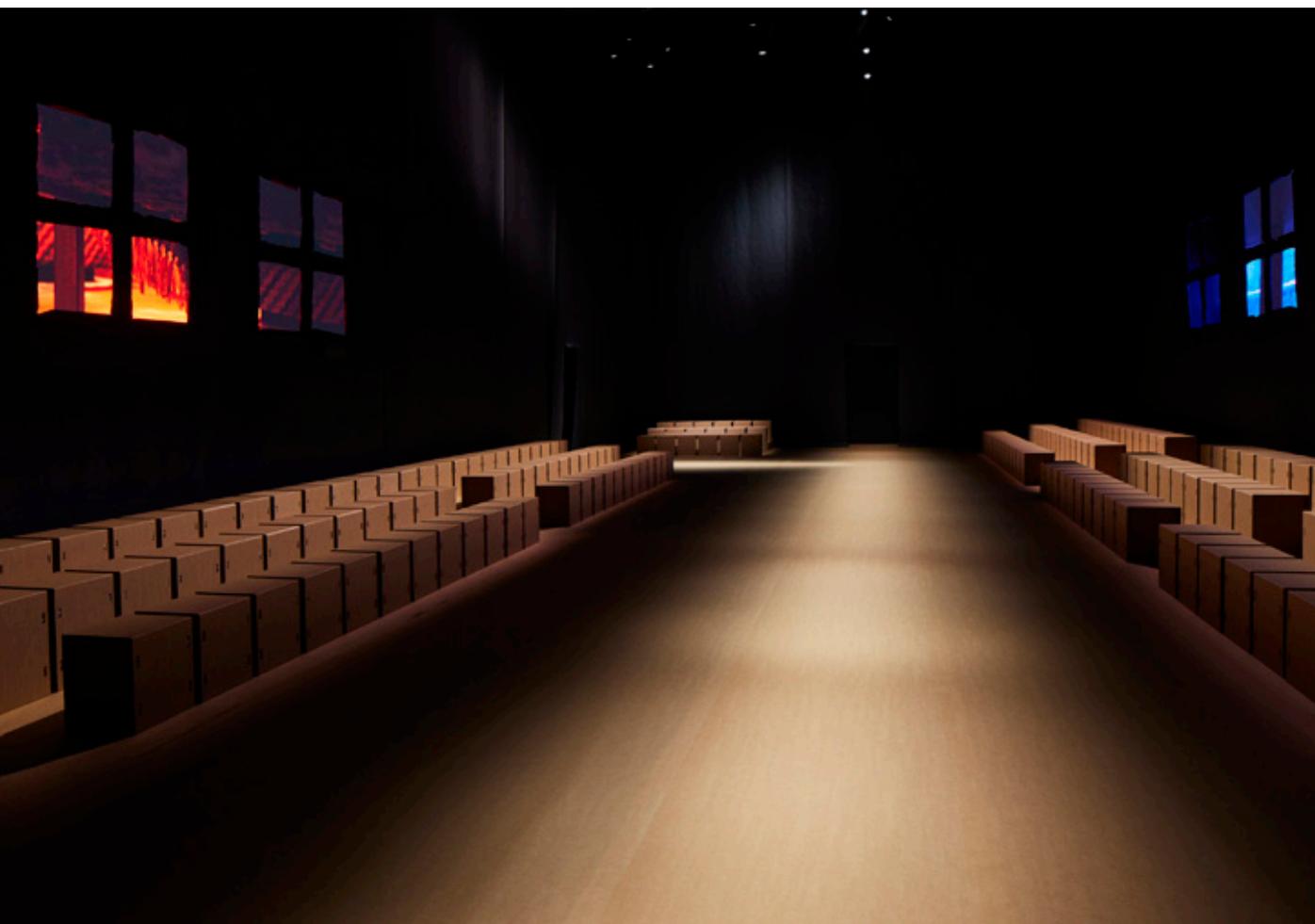
The Prada Group puts circular thinking into practice not only by selecting and using recycled or regenerated raw materials for its collections; it also provides for the management and effective reuse of the materials used to set up events and fashion shows. It is with this spirit that the upcycling project Prada Group Re-Set was created in collaboration with Spazio Meta in Milan, La Réserve des Arts in Paris and other global partners chosen by the Group near events and fashion shows locations to prevent unnecessary transportation of materials that find a new life once duly recovered from these local partners.

The Re-Set project, started up in 2020 with Prada then extended to Miu Miu brand, offers to professionals and students the access to raw materials and semifinished goods that can be reused for different purposes, whether in education, research, or creative installations. After the Prada Faux Fur video, released for the launch of the project at the beginning of 2022 and describing the close

collaboration with students in the reinterpretation of some Prada Men's and Women's Fall/Winter 2021 fashion show materials, the Group kept investing in the conscious choice of materials for its shows and, in occasion of the Prada Men's and Women's Spring/Summer 2023, the 100% of the set discarded materials was recycled.

For the Miu Miu Spring/Summer 2023 fashion show in Paris, the challenging goal of reusing all the materials on the catwalk set was achieved, confirming the important partnership of recent years with La Réserve des Arts, a not-for-profit association that supports the cultural and creative sector in the development of the circular economy and social enterprise.

This project brings together the different figures of the Prada Group as the core aspects of its sustainability strategy converge, such as the integration of circular thinking and the engagement with the cultural and academic world, while the Group seeks to apply this philosophy to all its events and explore new upcycling opportunities.



## 3.4 Partnerships: Re.Crea Consortium, Forestami and Ogyre

### Re.Crea Consortium

Textile waste management plays a central role in the Prada Group's sustainability strategy, not least because of the increasing regulatory pressure to reduce the whole sector's environmental impacts through the promotion of circular economy models.

Second only to France, Italy's textile industry remains at the forefront of production waste management, having already adopted on January 1, 2022 the obligation to collect textile waste separately, as set out in Legislative Decree n. 116/2020, while in Europe textile waste sorting will become mandatory by 2025.

In October 2022, during the Venice Sustainable Fashion Forum, Re.Crea - the Consortium founded on a voluntary basis by the Prada Group, Dolce&Gabbana, MaxMara Fashion Group, Moncler Group, OTB Group, and Ermenegildo Zegna Group - was presented. Its main objective is to manage end-of-life textile and fashion products and to promote the research and development of innovative recycling solutions that enhance resources and raw materials, protecting not only the environment but also public health.

The Consortium aims to respond in a timely manner to the European directive on "Extended Producer Responsibility (EPR)" for textile waste and the national implementing legislation on this issue, which is currently being finalized and coordinated by the Ministry of Ecological Transition.

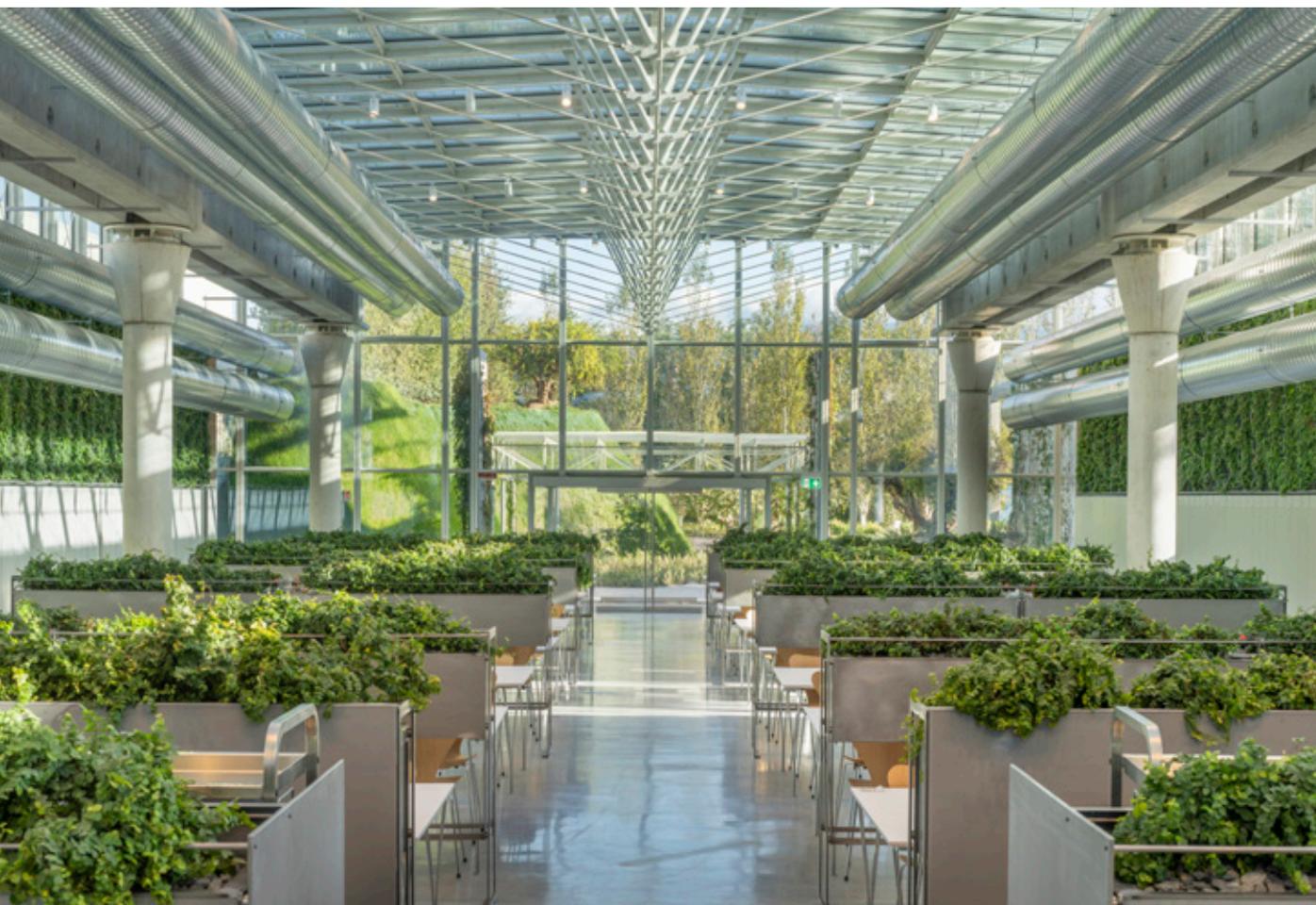
Under the coordination of the Camera Nazionale della Moda Italiana (CNMI), the six founding companies of the Consortium worked together for months to create a common, concrete project, with each company contributing its own expertise. Re.Crea is now open to welcoming other companies of excellence in the fashion industry.

The Re.Crea Consortium is also considering partnerships with both important Italian brands and international academic institutions in the field of research relating to sustainability and innovation, with a special focus on the topics covered by Re.Crea's activities, including the following:

- the DTech Lab at the Fashion Institute of Technology (FIT) in New York, an on-campus innovation lab that unites design thinking with emerging technologies;
- the SilkLab, an interdisciplinary research lab at Tufts University in Boston, which acts as an interface between technologies and the life sciences and studies materials, with the goal of providing innovations and solutions with a global impact through advances made in research on widely used, sustainable materials of natural origin;
- the MIT Center for Collective Intelligence, which explores how people and technology can act collectively in pioneering ways.

# RE · CREA

**Re.Crea main objective is to manage end-of-life textile and fashion products and to promote the research and development of innovative recycling solutions.**



## Forestami

In September 2022, the Prada Group announced its support to Forestami, the internationally award-winning urban forestation project, which plans to plant 3 million trees in and around Milan by 2030.

The partnership fits in perfectly with the Group's spirit of supporting the places and communities in which it operates through sustainability initiatives, in this case both environmental and social, given the extremely positive impact that green has on the life and health of the people living in Milan, the city where the Group's first Prada shop was opened back in 1913.

Forestami's aim is in fact to increase natural capital and plant trees in Milan, in parks but also along streets,

squares and courtyards, and on roofs and facades, in order to slow down global warming, reduce energy consumption and clean the air of fine particles, thus improving citizens' wellbeing.

In the three-year period of 2023-2025, the collaboration between the Prada Group and Forestami will extend to the creation of Forestami Academy, a cultural program offering city dwellers unique opportunities to meet, share, and exchange ideas and learn, thanks to the coordination of Stefano Boeri, President and inspirer of Forestami, as well as an internationally renowned architect, and the involvement of the greatest international experts in urban forestry.



## Ogyre

**Six tons of marine litter to be “fished” from the sea in the next three years: this is the goal set by Luna Rossa as it announces its upcoming three-year partnership with Ogyre**, the first global “fishing for litter” platform that will be the team’s Sustainability Partner for the 37<sup>th</sup> edition of the America’s Cup.

“Fishing for litter” is a plastic collection model that aims to clean the seas with the help of a network of fishermen. Once on mainland, the marine waste is

catalogued and disposed with the support of local research institutes or partners. The result is an average of 10,000 kg of waste each month, part of which is returned to the recycling circuit.

The partnership with Ogyre represents an important milestone in the sustainability commitment undertaken by Luna Rossa, whose aim is to further reaffirm its efforts in protecting the marine ecosystems.

# 4. For People

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## Highlights 2022

at December 31, 2022

13,768

Workforce

113

different nationalities

63%

women

89%

permanent contracts

59%

women in managerial positions

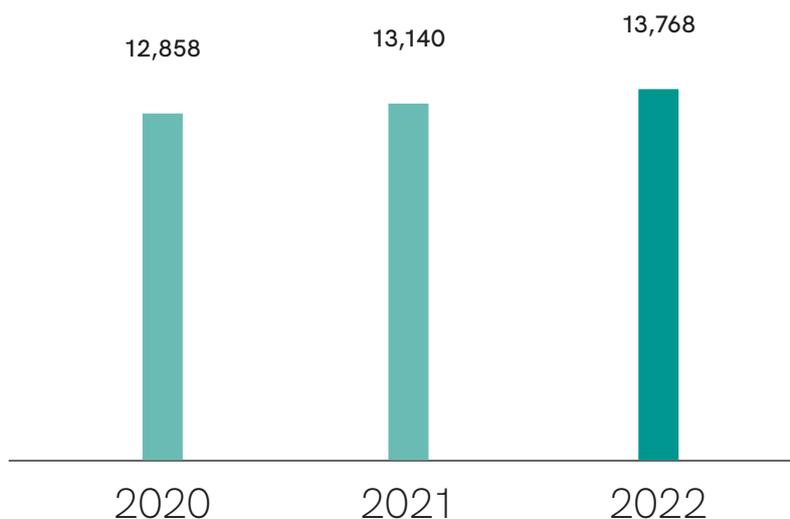
17

average number of training hours per employee

Respect for human rights, for workers and for the people in general, as well as the promotion of diversity, equity and inclusion, are elements that characterize the Prada Group and its way of operating in a global and constantly evolving context. This approach also extends to people working along the Group's supply chain. Prada has always considered human capital to be key to its competitive edge and makes every effort to promote and reward personal and professional skills, teamwork and improvement. The employees' enthusiasm, craftsmanship and intellectual curiosity are the elements that underpin the innovation,

creativity and quality of the Group's products. As stated in the Human Rights Policy, approved by the Board of Directors of Prada S.p.A. on July 28, 2022, the Prada Group is committed to operating with full respect for the value of the individual and for the human and workers' rights enshrined in Italian and international covenants and declarations, such as the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

## Number of Employees



At December 31, 2022 the headcount of the Group stands at 13,768, reporting a 5% increase compared to 2021 and recovering from the contraction recorded in 2020, year hit by the pandemic. 2022 sees the entry of very important managerial figures who are part of the Group's long-term development vision. Thanks to the favorable business conditions, the

percentage of permanent contracts stands at 89% of the workforce at an international level (62% represented by women), confirming the Group's commitment to stability in employment relationships and long-term investment in human resources.

Here below more details of permanent contracts employees.

## Permanent contracts per gender and geographical area

	2020		2021		2022	
	F	M	F	M	F	M
Italy	59%	41%	59%	41%	59%	41%
America	57%	43%	57%	43%	57%	43%
Europe	60%	40%	60%	40%	61%	39%
Asia Pacific	69%	31%	68%	32%	68%	32%
Japan	74%	26%	71%	29%	70%	30%
Middle East	51%	49%	52%	48%	62%	38%

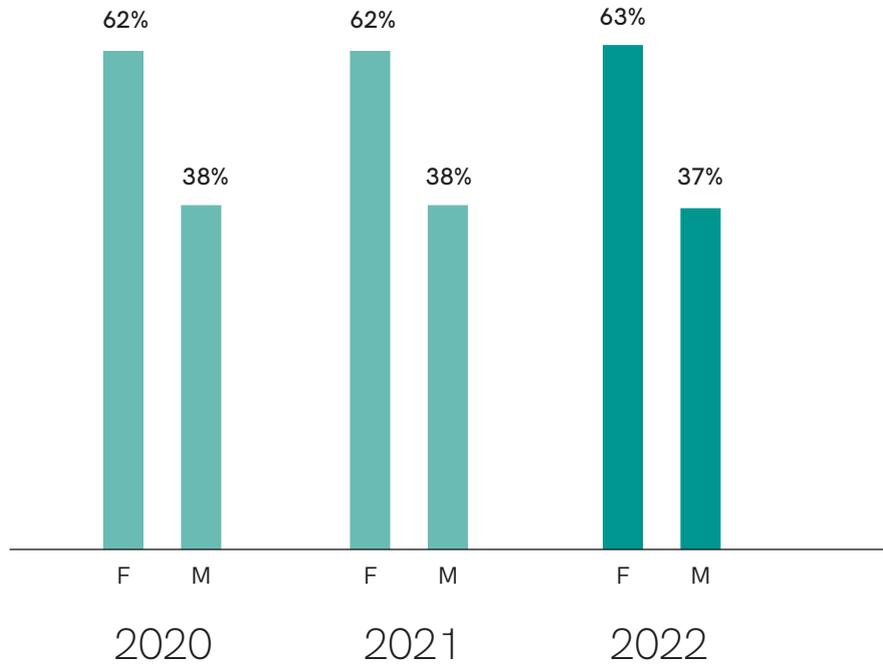
Outside Italy, where 39% of the workforce is located, the most sizable part of the workforce is in Asia-Pacific (23%) followed by the rest of Europe (18%).

### Employees per Geographical Area



In Italy, where 21 of the 24 production facilities are located, most employees (62%) work in the industrial division, while in other countries, where 557 out of 612 Directly Operated Stores are located, 85% of employees are in retail.

### Employess by Gender



Women permanently represent the majority of the workforce, counting **for 63%** of the corporate population.

### Employees per age range

	< 30	30 - 50	> 50
2020	20%	59%	21%
2021	19%	63%	18%
2022	20%	62%	18%

A breakdown of the workforce by age shows that at December 31, 2022, 20% of Group's employees were under 30 years old and 62% were aged 30 to 50. Further analysis shows that 25% of the retail workforce were under 30 years old, while in the

industrial division, where at least ten years of experience in production and craftsmanship is particularly important, 51% of the workforce belonged to the 30-50 year-old range and 38% to the over 50 year-old range.

## Operators

	F			M		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
2020	1.4%	5.6%	5.4%	1.7%	4.6%	2.6%
2021	1.1%	5.7%	5.5%	1.3%	4.0%	2.2%
<b>2022</b>	<b>1.3%</b>	<b>6.0%</b>	<b>5.7%</b>	<b>1.2%</b>	<b>3.9%</b>	<b>2.2%</b>

## Staff and Professionals

	F			M		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
2020	10.2%	24.7%	7.1%	5.9%	13.8%	3.5%
2021	10.3%	26.3%	5.0%	5.9%	15.5%	2.6%
<b>2022</b>	<b>10.9%</b>	<b>25.1%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>15.2%</b>	<b>2.7%</b>

## Top, Senior and Middle management

	F			M		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
2020	0.2%	5.9%	1.5%	0.1%	4.3%	1.4%
2021	0.2%	6.7%	1.5%	0.1%	4.7%	1.5%
<b>2022</b>	<b>0.3%</b>	<b>6.9%</b>	<b>1.6%</b>	<b>0.1%</b>	<b>4.5%</b>	<b>1.4%</b>

In the periods under comparison, the breakdown of employees by age and gender remained quite stable. Globally, the average age of the Group's employees at December 31, 2022 was 39.5 years.

In the Staff and Professionals and Top, Senior and Middle management categories, within the category 30-50 year-old, females accounted for 25.1%

(vs. 15.2% of males) and 6.9% (vs. 4.5% of males) of the total workforce respectively.

Finally, again in the 30-50 year-old range, there is the greatest concentration of fixed-term contracts, mainly in the retail area. 70% of the total fixed-term contracts are for women at global level.

Here below more details of fixed-term contracts:

### Fixed-term contracts per gender and geographical area

	2020		2021		2022	
	F	M	F	M	F	M
Italy	67%	33%	65%	35%	68%	32%
America	50%	50%	72%	28%	67%	33%
Europe	60%	40%	64%	36%	67%	33%
Asia Pacific	69%	31%	70%	30%	70%	30%
Japan	-	-	-	-	84%	16%
Middle East	-	-	-	-	100%	-

Full-time employees represent 96.4% of the total.

In 2022, there were no differences in terms of benefits granted to employees, between full-time and part-time contracts.

Here below more details of full-time and part-time contracts:

### Full-time contracts per gender and geographical area

	2020		2021		2022	
	F	M	F	M	F	M
Italy	58%	42%	59%	41%	60%	40%
America	57%	43%	57%	43%	57%	43%
Europe	58%	42%	59%	41%	60%	40%
Asia Pacific	69%	31%	68%	32%	68%	32%
Japan	74%	26%	71%	29%	69%	31%
Middle East	51%	49%	52%	48%	54%	46%



## Part-time contracts per gender and geographical area

	2020		2021		2022	
	F	M	F	M	F	M
Italy	84%	16%	85%	15%	82%	18%
America	71%	29%	83%	17%	79%	21%
Europe	79%	21%	86%	14%	81%	19%
Asia Pacific	43%	57%	75%	25%	90%	10%
Japan	100%	-	-	-	85%	15%
Middle East	-	-	-	-	100%	-

## 4.1 Champion Diversity and Promote Inclusion

Diversity is a founding element of social sustainability for the Prada Group. The representation and valorization of difference is essential to the creation of an increasingly inclusive work environment that encourages the expression of each individual's potential, to be used as a strategic lever for achieving organizational objectives. Freedom of expression is the founding factor of a creative industry like Prada, which must understand and anticipate social changes, surrounding all generations in the diversity of their aspirations, especially today in an increasingly complex and globalized society.

The Prada Group's extensive international presence is reflected in a multitude of different cultures and nationalities, as evidenced by the 113 nationalities represented in the Company, up from 107 in 2021. The strong female presence is demonstrated by the ratio between males and females for each job category: women not only represent the majority of Operators (64%) and Staff and Professionals (63%), but they are also the largest component (59%) of Top, Senior and Middle management.

	Operators		Staff and Professionals		Top, Senior and Middle management	
	F	M	F	M	F	M
2020	58%	42%	64%	36%	57%	43%
2021	62%	38%	63%	37%	57%	43%
<b>2022</b>	<b>64%</b>	<b>36%</b>	<b>63%</b>	<b>37%</b>	<b>59%</b>	<b>41%</b>

Another distinctive characteristic is the prevalence of females in all divisions.

	Industrial		Corporate		Retail	
	F	M	F	M	F	M
2020	60%	40%	57%	43%	64%	36%
2021	61%	39%	58%	42%	64%	36%
<b>2022</b>	<b>62%</b>	<b>38%</b>	<b>59%</b>	<b>41%</b>	<b>64%</b>	<b>36%</b>

Even at a geographical level, females represent more than half of workers in all areas, with peaks in Japan and the Asia Pacific, where females account for 71% and 68% of employees respectively.

### Employees per gender and geographical area

	F	M
Italy	61%	39%
America	57%	43%
Europe	61%	39%
Asia Pacific	68%	32%
Japan	71%	29%
Middle East	55%	45%

Respect for equal opportunities is also reflected in the Compensation & Benefit system, based on the enhancement of skills and merit, which ensures equal

treatment by gender, seniority and role, as also confirmed by the substantial equality in the remuneration treatment as showed in the table below.

## Pay Gap (with the median as 100%)

	Operators		Staff and Professionals		Top, Senior and Middle management	
	F	M	F	M	F	M
2020	98%	102%	98%	104%	96%	103%
2021	98%	103%	97%	105%	97%	103%
<b>2022</b>	<b>98%</b>	<b>103%</b>	<b>98%</b>	<b>106%</b>	<b>97%</b>	<b>102%</b>

During 2022, to ensure that all employees can work and grow with equity in the workplace, where they can seize new professional and other opportunities, the Prada Group launched a highly ambitious Diversity, Equity and Inclusion (DE&I) project that aims to produce a true cultural evolution within the organization starting from the heart of its operations, i.e. the Italian headquarters, including the corporate, manufacturing and retail divisions.

As announced in 2021, the Group has embarked on a diversity journey with the main objectives of:

- assessing the level of DE&I maturity;
- building a path of awareness of the DE&I content and values;
- sharing basic knowledge of diversity and inclusion and creating a common language for it.

The initiative was carried out in three steps: C-level executives were involved in 11 individual interviews, and then a survey was taken by the entire work force in Italy - approximately 5,400 persons - using an online, anonymous questionnaire; after the results of the first two steps were analyzed, the study concluded with the selection of some 50 employees, from all the business functions, who elaborated on specific matters after being divided into very heterogeneous groups in terms of age, role, seniority, gender and other key factors.

The study, which lasted all of 2022, was conducted by an internal multidisciplinary team and a highly qualified external partner specialized in the topics examined. The initiative exemplifies the essence of Prada, which

chooses once again to use research and critical analysis to evolve, in this case creating an ever more inclusive culture through deep analysis on its internal social fabric.

The work performed over the year concluded with the formulation of a concrete action plan, to be implemented in the next two years, which will place individuals at the center of the conversation. The Prada Group's objectives include introducing clear governance over DE&I matters, reviewing all human resource and other policies to ensure transparency and equity, setting objectives and Key Performance Indicators (KPI), and designing a training program for the Group's leadership intended to increase the responsibility of its management, the real agents of cultural change. This represents merely the continuance of the Group's profound commitment to diversity and inclusion. In fact, in 2019 the Prada Group established a Diversity and Inclusion Advisory Council (D&I Council) in the United States to promote and support Prada's awareness and improvement of the social aspects of sustainability, especially in the areas of diversity, equity and inclusion.

In 2020, a Chief Diversity, Equity and Inclusion Officer was appointed for Prada North America, who together with her team is responsible for developing policies, strategies and programs that make certain that diverse cultures and perspectives are represented at all levels of the organization. Her job is to work closely with the Group's leadership in all the countries where it operates and with the D&I Council to build an inclusive culture and guarantee advancement in terms of equal opportunity within the organization.

In 2022, the North American delivered significant initiatives, such as:

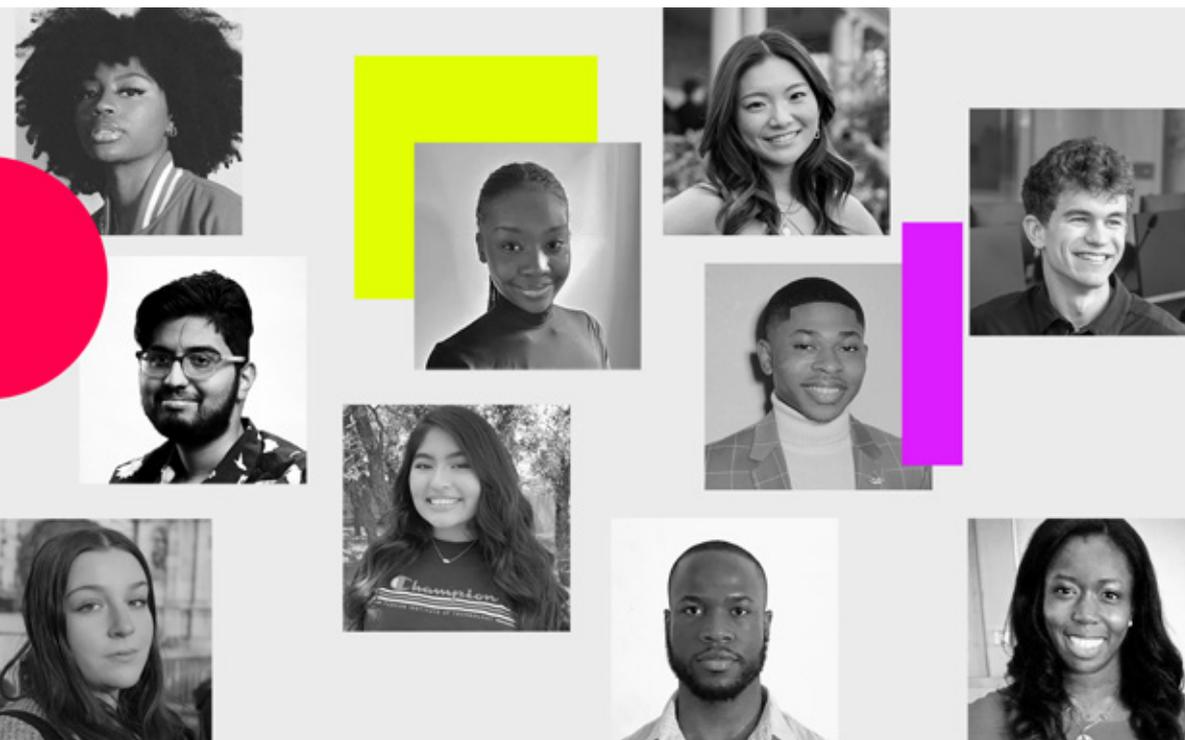
- **Training on gender identity and inclusive language:** designed to offer the necessary tools for interacting in a respectful manner with people of the transgender and nonbinary community, the training involved approximately 800 employees of the corporate and retail divisions;
- **Employee Resource Groups (ERG):** these are groups proposed and guided by employees to share interests or issues relating to their identity, such as gender, ethnicity, sexual orientation and other matters. The groups proposed during the year dealt with Black Culture, Parents and Caregivers, AAPI and LGBTQIA+;
- **GenerationPrada:** it was decided to continue, for a second year, with this internship program intended to equip the next generation of fashion industry leaders with career growth opportunities. The Prada Group received many applications of candidates in 2022, ten of whom were selected to participate and contribute to various departments, including Marketing and Communication, Merchandising, Human Resources and Logistics;
- **Speaker Series:** this initiative is meant to enhance diverse discussions and bring employees together to reflect upon a wide range of DE&I issues. The "Finding your Style: Parenting in the Modern Age"

virtual discussion involved the participation of DE&I enthusiasts who shared their personal stories on parenting in today's world. Jodie Patterson, author of "The Bold World: A Memoir of Family and Transformation" and President of the Human Rights Campaign Foundation, moderated the discussion.

During 2022, while initiatives were taken by the Prada Group's North American subsidiary, significant progress was also made by strategic partnerships with external non-governmental entities and prominent universities, as explained in the last paragraph of this chapter, "Partnerships: Dorchester Industries, UNFPA and FIT". In 2020, the Prada Group became the first company in the luxury fashion industry to join The Valuable 500, an international coalition dedicated to radically transforming the business system to benefit disabled persons. With this decision, Prada expressly recognizes the value of disabled persons, and is committed to integrate this important issue to its inclusion and sustainability agenda.

In the past two years, Prada has explored various opportunities to define a long-term action plan, beginning with training for the Human Resources Department to best manage the recruitment and hiring of disabled persons and to foster a constructive relationship in the workplace.

In 2022, Prada's commitment in this area led to the hiring of three disabled persons in its Italian retail network.



## 4.2 Foster Creativity and Know-how Preservation

Developing the know-how of the Prada Group's employees has been a high priority since the early 2000s. Prada Group Academy is a physical and virtual place where knowledge is shared and skills, techniques, and innovative ideas are shaped in a way to foster talent and hand down the professional expertise essential for the Group.

The numerous projects, topics and learning methods of Prada Group Academy are divided into three macro areas: a general one for all the employees that centers on the formation and improvement of skills, one on manufacturing, and a specific one for the retail world.

### Prada Group Academy

#### Learning and Development Academy

Employees are trained from the time they join Prada through an onboarding process, during which the managers meet the new staff members and introduce them to the Prada world and the respective business areas. The professional training of the Group's employees focuses on effective management of the complexities present in the work environments. Based on the business priorities, specialized initiatives are designed and offered for the purpose of enhancing know-how and upskilling and reskilling the work force.

Courses are planned by first analyzing the demands so that the content can be built according to the specific personal and professional growth needs in behavioral, specialized and managerial areas.

During 2022, the international training initiatives concentrated on certain strategic areas consistent with the short-term and long-term growth objectives.

Moreover, the Group-wide internal communication and people engagement program Drivers of Change was launched to announce the Prada Group's fundamental values and sustainability strategy. The initiative involved the employees directly through the Group's institutional and social media channels with the aim of sharing virtuous behaviors and implementing concrete change. The various

courses on soft skills and management skills included a deep focus on interpersonal communications, emotional intelligence and self-efficacy. The training sessions, conducted live remote and with digital content, were organized in a manner to encompass colleagues in different countries, create thinking points and share best practices. Managers were taught about building up a feedback culture that can assist them in their crucial role of managing people and enhancing personal wellbeing in the organization.

The Academy worked in close synergy with other departments in 2022, advancing the need for analysis, awareness and training on the most relevant current topics.

Investments continued to be made in sustainability training, targeted to certain parts of the work force. In this respect, the following courses were held:

- E-learning for all employees worldwide with the objective of providing a general understanding of sustainability and of the Group's initiatives and efforts on sustainability matters;
- specialized training on the basic principles of eco-design for the design staff of the Clothing division (Leather Goods and Footwear will follow in 2023);
- a course for the Purchasing, Product and Materials Research departments on methods and tools to assess the environmental impact of materials and products;
- training for the corporate departments to improve the awareness and knowledge of sustainability issues, focusing specifically on the Group's undertakings and on the fashion industry overall.

Furthermore, new training on cyber security awareness was carried out, a topic of particular relevance for the digitalization of businesses.

The training activities made greater use of digital tools and formats in 2022. The programs were offered online and offline to ensure an ongoing, accessible experience that could meet the various needs of the participants. The Group's digital training platform, which since 2017 has allowed all employees worldwide to benefit from E-learning content and register autonomously for courses, has been refined further with the addition of virtual classrooms and other platforms. Also, new upgrades will be provided, in line with the Group's digital transformation process.



## Industrial Academy

The learning paths for the industrial area are geared toward the acquisition of production know-how in the luxury leather goods, footwear and clothing sectors. The training takes place mostly on the job, in designated areas of the Group's factories.

In this case, the main objective of the Academy is to constantly enhance the technical and craft skills of the employees, enabling them to become increasingly expert at their jobs and move freely within their areas while experimenting with new tasks, in order to gain a comprehensive overview of the operating processes and thus improve their capabilities.

The Industrial Academy's primary objective is to safeguard the fashion industry's technical expertise, considered a true bounty of craft skills and knowledge to be handed down to the new generations. To this end, the Prada Group creates training courses with a mix of theory and practical experience for young recent graduates eager to learn the professions of manufacturing excellence.

The continuing education courses for the technical staff

include training on the use of cutting-edge software, in which Prada's investments of recent years continue to grow. During 2022, investments were made in 3D training with the aim of progressively expanding the knowledge of innovative tools and techniques to various departments in the organization, in line with the digital transformation processes underway in the manufacturing divisions.

Studying production processes and techniques is the first step toward constant practical training: it is undertaken immediately when creating handbags, accessories, footwear and clothing. With the guidance of internal instructors and professionals who transmit their extensive know-how, each process is included in detail so that the participants can learn how to work at the highest quality standards. In 2021, as soon as it was possible to resume on-site training activities, the Company reopened its factories to welcome 37 young people to be trained for careers in the production sectors. In 2022, the number of participants rose to 62, and the goal is to train 200 new professionals in 2023.

## Stores Academy

Store staff training includes courses to strengthen professional expertise, such as knowledge of the Prada Group's products and brands' DNA, customer orientation and customer service, and it is assisted by the daily support of personnel dedicated to such training.

Based on a customer approach more focused on human contact and interpersonal relationships, the Prada Group has created a new training project for store staff called the Customer Journey. The project centers on the human touch, seen as the ability to leverage personal skills to best understand the customers and forge a deep bond with them. This approach embodies the four values that characterize the customer relationship: empathy, warmth, proactivity and passion. Living these values in each phase of the Customer Journey enables us to provide a distinctive buying experience and helps strengthen the connection with the brand.

The Customer Journey training was conducted globally with a set of onsite lessons, and it is constantly reinforced at stores with activities such as digital refresher courses and on-the-job training. Thanks to

periodic evaluations by the Store Leadership Team, the training activities are customized, making the development plans more practical.

Following the guidelines set for the Customer Journey, the product training programs were expanded by adding concepts associated with customer centrality and more appealing sales pitches.

Storytelling remains a key feature of the customer experience for transmitting the identity of the Group and the brands. Therefore, training on this topic is vital, and it is conveyed with specially created digital content.

Consistently with the activities already in progress, the gamification and digitalization projects were stepped up, with investments intended to animate the training projects and support the training team and store personnel.

The new approach to sales - and consequently to training - has underscored the importance of the Retail Academy, for which clienteling is fundamental: in fact, the relationship established with the customer at the store is merely the first step on a long path, which continues outside the physical confines of the store and follows the omnichannel logic.





## Training Hours

In 2022, 235,005 hours of training<sup>22</sup> – 51% of which were online via E-learning sessions or webinars – were provided, for a total of 159,716 participations. Approximately 82% of the employees received at least

one hour of training during the year. Here below a summary of the average number of training hours broken down by gender and professional category.

## Training Worldwide

	2021			2022		
	F	M	Total	F	M	Total
<b>Average number of hours per employee by gender</b>	10.21	7.85	<b>9.32</b>	18.49	14.68	<b>17.07</b>
<b>Average number of hours per employee by employee category</b>						
Operators	0.79	0.60	<b>0.72</b>	0.79	1.31	<b>0.98</b>
Staff and Professionals	12.80	10.22	<b>11.86</b>	23.47	18.61	<b>21.67</b>
Top, Senior and Middle management	11.14	7.42	<b>9.54</b>	21.38	15.43	<b>18.96</b>

The average number of hours per employee was 17.07 in 2022, a considerable increase from 2021 – when it was equal to 9.32 – and compared to the previous years, confirming the huge importance the Group places on

the training of its human resources. During the year, the training activities covered many strategic topics, including sustainability, to which more than 11,000 hours of classroom and on-line training were dedicated.

22-Excluding the number of hours for health & safety training.

## Talent Attraction

The importance of having unique talent is behind the Prada Group's constant efforts to seek out the most talented individuals, regardless of their level of experience or provenance.

The recruiting process is defined transparently, based on an objective evaluation of capabilities, and it aims to ensure equal opportunity of admission. It is possible to collect and process candidates' profiles at a global level using an advanced digital platform, which supports and facilitates the synergistic, integrated operation of the Human Resources Department in the various countries throughout the world.

In order to disseminate the profiles required by the industry and ease the transition from the academic world to the workplace, Prada participates in many initiatives of encounters and dialogue with the new generations of talent.

The Prada Group is present regularly at orientation events and Career Days, where it meets students and presents the wide range of career paths and opportunities available within it.

Moreover, for years the Prada Group has developed close partnerships with renowned academic institutions in Italy and elsewhere (e.g. POLIMI Politecnico di Milano, SDA Bocconi, FIT). Through these projects, the students participate in training programs that include lessons and project work coordinated by the Group's managers, promoting constant networking between the organization and new generations.

Since 2019, Prada has been a main sponsor of the International Master's in Luxury Management (IMLux) degree program together with the French champagne Group, Taittinger. The post-graduate program is highly international as it welcomes students from all over the world. Half of the lessons are held at the NEOMA Business School in Reims, and half at the POLIMI Graduate School of Management of Politecnico di Milano (MIP), allowing the students to access a double degree.

The IMLux Master's degree is sponsored through continuous interaction with the professors and students of the Master's program and numerous projects carried out. The sharing of business strategies by key people of the Prada Group, involved in true classroom moments, provides inspiration to the students during the academic year, who are called upon to reprocess, in project work, very interesting and complex topics.

In 2022, the students of the Master's program addressed various topics, including:

- The Metaverse and the impact on E-commerce;
- The Church's brand and licensing opportunities.

With this commitment to learning, Prada asserts its interest in training and attracting talent, both of which are strategic elements essential to long-term growth. The Prada Group's strategy of attracting and selecting talented youths also translates into the creation of synergies with technical schools in the Region of Tuscany, with a view to supporting and developing training for specific professions with collaborative approaches that are imperative for transmitting technical and craft skills.

## 4.3 Ensure Wellbeing and Fair Workplace

Health and wellbeing in the workplace are fundamental to the Prada Group's strategy for growth, competitiveness and sustainability. Work and wellbeing are closely related, in the sense that the quality of work conditions has direct repercussions on the quality of life of each individual within and outside the organization. The Group keeps abreast of all the new labour market trends: the offer of flexibility, a good work-life balance and medium and long-term career paths are essential for attracting talented people, and such features are now sought out by the general labour market instead of just by the younger generations.

### Workers' Health & Safety and Respect of Human Rights

Personal protection and the promotion of health and safety are key priorities for the Prada Group: high quality of the workplaces, internal policies and procedures safeguard workers, customers and every person at all Company's locations according to the highest standards and in full compliance with local and international regulations.

2020/2021 will forever be remembered as a period of an unprecedented global health emergency. The Prada Group reacted by immediately putting the health and safety of its employees front and center, extending the



strict anti-Covid-19 measures adopted in Italy to all the areas where it operates worldwide, and implementing the other emergency measures required for all the geographical areas, where lockdowns were imposed by the local governments at different times.

In such exceptional circumstances, the responses were prompt and for this reason, right from the start, a team consisting of company physicians, trade union representatives and internal occupational safety specialists was organized to monitor and manage the crisis.

In 2022, especially in the first half of the year, the Group continued to prevent and protect against Covid-19 at its workplaces.

The measures employed in the previous two years (e.g. requirement to wear FFP2 masks, temperature checks at the entrance, social distancing, etc.) were prolonged but adapted according to the evolution of the pandemic. In September, since the rate of infection was down and the state of emergency was nearing an end, the

measures were gradually reduced (e.g. wearing a mask was no longer mandatory), in a return to normality. The daily and weekly monitoring of positive cases and their close contacts, begun in 2020 and managed by the Occupational Health and Safety office, remained in place. In most of the premises - offices, warehouses and stores - the occupational health and safety risks associated with the Group's operations are considered limited, thanks in part to training activities and safety updates, especially in the industrial areas.

In the table below, the figures for 2021 and 2022 cover a much wider scope than in previous years, as they include, in addition to Italy and foreign production plants, almost all the retail subsidiaries - including the most relevant in terms of workforce, such as the United States, China, Singapore, Korea, Japan, France, Germany, the United Kingdom and Spain - covering approximately 97% of the Group's employees at December 31, 2022.

## Injuries\* at work

	2021	2022
Hours worked	17,255,394	21,783,510
Numbers of injuries at work	95	109
<i>of which number of serious injuries</i>	1	-
<i>of which fatal injuries</i>	-	-
Injury Rate	5.51	5.00
Serious Injury Rate	0.06	-

\*Injuries with at least one day lost were considered. Injuries data are only related to Group's employees and not to external contractors as they are not material.



For years, the Prada Group has supplemented the traditional forms of onsite training with digital platforms for online training, which proved to be vital again in 2022 for reaching the largest possible number of employees and for raising awareness of the importance of safety. In 2022 health and safety training was provided to 2,160 people in Italy (384 people in 2021). During the year, onsite training activities resumed gradually but to a significant extent, thanks to the easing of the restrictions imposed during the public health emergency: the number of people trained approached the pre-pandemic levels (in 2019 training was provided to approximately 2,600 people).

There are no specific committees within the Group responsible for creating and monitoring occupational health and safety programs. However, the internal organizational positions and structures required by the local regulations of the various countries where the Prada Group operates have been established.

Moreover, in 2022 Health & Safety was coordinated in Europe in order to harmonize the management of occupational safety within the various areas of the Group.

Overall, the Group is dedicated to ensuring that human rights are respected in the workplace and that the internationally recognized regulations for worker safety and wellbeing are observed within the organization, and it urges the same observance along its supply chain. The Group also fights against all forms of discrimination, forced labor and child labor. Prada believes that no risk of modern slavery, forced labor or child labor exists within its organization, and it considers the same risk to be very low throughout its industrial supply chain. The geographic location of its production facilities and of its suppliers, as well as the in-depth knowledge of them deriving from the duration and quality of the relations established, reduces the risk of conditions or pre-conditions that could involve

modern slavery, forced labor or human trafficking. The Group's business partners are encouraged to exceed the minimum regulatory requirements and to nurture dialogue among all parties involved to facilitate the implementation and observance of the standards and create positive work relationships. In supplier relations, social awareness, regulatory knowledge, and the adoption of environmental, social and quality certifications are encouraged.

Prada's commitment is affirmed in the Group's Sustainability Policy and Human Rights Policy, as well as in the Supplier Code of Conduct adopted in January 2023, and is supported by the promotion, distribution and signing of the Group's Code of Ethics (renewed in 2022), required to be signed by all the suppliers. External factories and suppliers are required to assure that any third party that supplies materials and/or labor to them for making Prada's products has the related permits required by law and complies with the Code of Ethics.

## Collective Bargaining, Welfare and Freedom of Association

The Group promotes freedom of association and recognizes the right to collective bargaining. In fact, the Prada Group meets with trade unions to constantly improve the working conditions of its employees and to foster the medium/long-term wellbeing of its employees, and by extension of the surrounding communities. Over the years, the Prada Group has stipulated many supplementary agreements, especially in Italy and France, whereby it offers better benefits to employees than those of the national collective bargaining agreements or, in the case of the United Kingdom, than those required by the applicable regulations.

80% of the employees in Italy and 100% in France can benefit from supplementary agreements, covering approximately 35% of the total workforce as at December 31, 2022. Employees in the UK's manufacturing division also benefit from national supplementary agreements.

The most significant benefits of the supplementary agreements for 2022 are as follows:

- performance bonus: variable bonus linked to production, sales and profit targets;
- vacation bonus: fixed amount equivalent to one month's pay as per the collective bargaining agreement;
- easy access to severance pay advances;
- flexible working hours enabling employees to achieve a more productive work-life balance;
- Supplementary Healthcare Fund: supplementary health insurance with an option to include immediate family at a special rate;

- special leaves of absence for illnesses of employees' children up to 12 years of age (France);
- regulation, safeguards and better conditions of Sunday premium pay for the stores (France);
- improvement in sick pay scheme for the employees of the Church's facility in Northampton, United Kingdom.

As part of the supplementary agreements in Italy, in 2018 a corporate welfare plan was launched to allow employees to access an extensive package of services such as reimbursements of healthcare, education and welfare expenses, leisure activities (e.g. travel, vacations, cultural and sports events), fuel and food vouchers, payments into supplementary pension funds, and much more. The welfare plan can be activated upon the employees' request as a conversion of the performance bonus; the Company adds 25% to such remuneration.

In 2022, more than 70% of those eligible converted their performance bonus into welfare benefits, demonstrating the employees' appreciation of this tool and its potential.

During 2022, due to exceptional cost-of-living increases, Prada gave all its employees an extraordinary welfare payment of Euro 1,300, as a form of concrete assistance with household expenses. The most requested welfare benefits in 2022 were reimbursements of medical, education and utility expenses, and fuel vouchers.

At a Group level, during the year specific aid was given to help employees cope with the general increase in costs; for example, in France a measure was adopted to support the purchasing power of families in the form of the payment of a one-off benefit. The same type of aid has been planned for Germany, which will be provided in 2023.

In 2022, in some Italian locations, initiatives were taken to contribute to the health of the employees and their families. Screening programs were organized for employees and carried out in partnership with LILT (the Italian League for the Fight Against Cancer), as prevention of men's and women's tumors. Similarly, with the support of Onlus VISION+, employees' children up to eleven years of age were offered vision screening for the prevention of eye diseases in the locations concerned.

The Group complies with the applicable international and national laws and regulations for working hours, minimum guaranteed breaks and rest periods. In Italy, where the vast majority of the production workforce is located, thanks to the respect, dialogue and cooperation in place with the Italian trade unions, there were no strikes in 2022, just as none had occurred in the previous five years.

## Global Reward and Mobility

The Prada Group adopts business procedures and practices aimed at ensuring that remuneration is managed in compliance with the relevant regulations in the countries where the Group operates, respecting scrupulously the rules present on minimum pay. Remuneration management is also significant for retaining key personnel and for attracting talented people, and hence for mitigating risks associated with possible aggressive remuneration and career policies of the main competitors in the industry.

The Board of Directors, through the Remuneration Committee, is actively involved in determining the top management remuneration, taking into account the roles and responsibilities assigned and considering the most ambitious market parameters applicable for similar positions in businesses that are comparable in terms of industry, size and complexity.

People are the main component for achieving the Group's objectives and success, which, in a scenario of growing competition, requires more than ever that the organization be motivated, agile, prepared and ready to face the current and future challenges.

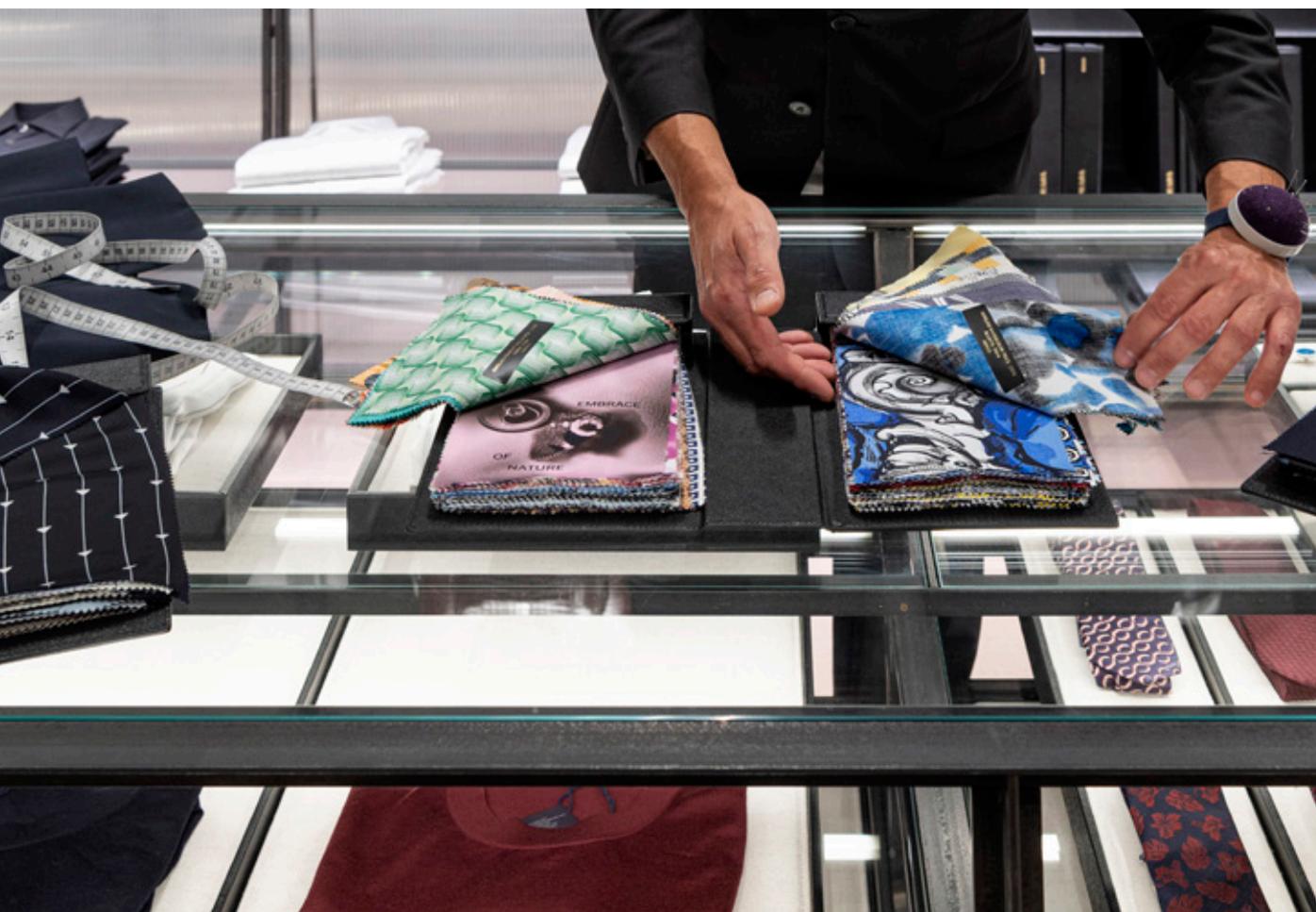
Accordingly, the Prada Group undertakes to enhance its human resources, develop their professional skills, involve them in a feedback process with transparent management, and encourage an active and proactive

role for them, aided by new assessment tools introduced in 2022 (Performance Management).

Bringing out talent and preserving the professional competencies needed by the organization, and creating an increasingly inclusive work environment, where diversity and plurality are cultivated and appreciated, are of prime importance for the Group's processes, especially those linked to rewards, in the sense generally associated with the monetary part (fixed and variable remuneration) and the non-monetary part (e.g. benefits, welfare, wellbeing, etc.).

During 2022, Prada designed a new remuneration policy having the following objectives:

- ensuring fairness in terms of appreciating the know-how and professional skills of the persons and of the roles and responsibilities assigned;
- verifying the coherence and adequacy of the remuneration with respect to the role;
- assuring competitiveness in terms of the balance and consistency of the pay scales with respect to the market;
- reinforcing meritocracy in line with the results obtained and behaviors adopted (Performance Management).





In 2022, a long-term variable incentive scheme was created, the “2022-2024 Performance Share Plan”, intended to align the performance of the Group’s key personnel to the interests of the stakeholders and to pursue management retention and engagement, providing for its stability with a view to reaching the long-term business targets, and guaranteeing competitive remuneration with respect to the market. The three-year rolling Plan includes financial indicators and the achievement of specified sustainability objectives. With this new non-financial objective, the Group reinforces its commitment to ESG issues, which are increasingly integrated into the business strategies.

Also during 2022, Prada considered the necessity of introducing a different method to analyze the gender pay gap. The new method incorporates the underlying principles of the relevant international regulations and is based on a new methodological standard set to assess remuneration data using a like-for-like comparison of jobs through a job evaluation

system, with brackets identified within which similar, comparable jobs are grouped. This new methodology will be adopted in 2023, alongside a new Global Reward and Mobility Policy that will enable the Group to analyze these situations in more detail.

Finally, Prada has built a new international mobility strategy that considers mobility between countries as not merely a strategic lever supporting business growth, but also a professional opportunity to accelerate personal development, linking it to the advancement actions contemplated in the new Performance Management system. Concerning this twofold need, those participating in the international human resource management programs will not only be managers, but also talented young people and key personnel for the organization, who will therefore be included in transfers to other countries.

The new Policy, which will be expanded in 2023, will clearly distinguish between types of macro-events and will be more segmented on the basis of both business needs and personal career goals.

## Performance Management

The Prada Group's Performance Management system has sprung from an interest in possessing a means to consolidate a managerial culture based on the following:

- the setup of precise training initiatives through the mapping of internal capabilities with a single criteria;
- support for the development of capabilities;
- the implementation of continuous feedback;
- the introduction of a talent management culture.

The program was designed internally and implemented gradually to make it adhere to the current corporate culture and to the Group's performance objectives. Performance Management is an annual evaluation system based on specific factors deemed essential to the achievement of the business objectives, through the full enhancement of each employee's contribution. The factors evaluated are the following:

- the quantitative and qualitative objectives assigned to each employee;
- soft skills, common to all employees and tightly bound to the corporate values;
- technical skills, specific to each business area;
- growth potential and the characteristic features deemed necessary to add value within the Prada Group.

In 2021 and 2022, two pilot projects developed in Italy enabled to fine tune the system and possibly implement it globally starting from 2023.

The system will involve the employees based in the corporate and manufacturing offices, whereas the Prada Group has already implemented an ad hoc performance management system for the retail workforce at a global level.

With these initiatives, the Group wishes to foster in a more concrete manner the enhancement of internal talent and the organization's ability to provide an experience for its employees geared toward growth and wellbeing, extending gradually to its entire population a new performance culture based on the evaluation of individual objectives and the methods for reaching them through individual competencies.

## Drivers of Change

Drivers of Change is a communication project directly involving the Prada Group's employees that aims to strengthen the sense of belonging to the organization and further disseminate the corporate values and culture. Acting as Drivers of Change means having an active role in contributing to the Group's impact on society, through actions carried out in the professional environment.

During 2022, the employees at the Italian headquarters, which include the corporate area, cooperated on the project together with the industrial and retail areas. Employees are called upon to share their proposals for changes to be implemented in the workplace, in line with the Prada Group's three sustainability pillars: Planet, People and Culture. During the year, more than 300 ideas were collected, and then selected and put to a vote: the idea most voted by the employees will be implemented in 2023.

The next steps of the Drivers of Change project include a training program dedicated to Champions, the organization's ambassadors of the program, on the issues of effective communication, to support them in their roles as drivers of change and to provide them with additional means to exert a positive influence on the entire organization.

In 2023, the project will go global with the implementation of the Champions network, the collection of the change proposals, and the voting by all the employees.

## 4.4 Partnerships: Dorchester Industries, UNFPA and FIT

### Dorchester Industries Experimental Design Lab

Dorchester Industries Experimental Design Lab is a three-year program launched in September 2021 by Dorchester Industries - founded by artist and Chairperson of Prada Group's Diversity and Inclusion Advisory Council Theaster Gates - and the Prada Group, in partnership with Theaster Gates Studio and Rebuild Foundation.

The program aims to support and amplify the work of designers of color across the creative industries, thanks to awards that guarantee financial support as well as creative opportunities to foster relationships with leading global companies interested in collaborating with heterogeneous talents.

In April 2022, Theaster Gates and the Prada Group announced the inaugural cohort of the Dorchester Industries Experimental Design Lab. Through an extensive review process, having demonstrated extraordinary creative potential in their respective

practice, fourteen international talents have been selected by a committee of design industry leaders, including Prada S.p.A. Co-CEO and Prada Co-Creative Director Miuccia Prada, writer and director Ava DuVernay, the late designer Virgil Abloh, architect Sir David Adjaye and other dignitaries.

On the occasion of the Prada Men's Spring/Summer 2023 fashion show, the Prada Group hosted in Milan Theaster Gates and the awardees for a two-day retreat with the Prada Group's team filled with dedicated meetings, presentations and collaborative activities. Previously, the awardees gathered on Chicago's South Side to get to know one another, share reflections on their work, discuss the current challenges within the design industries and explore opportunities for collaboration. This gathering marked the first of three retreats that will take place during the three years' program.



**Prada has always been synonymous with striving for the pursuit of ground-breaking design and creativity, championing innovation and **developing extraordinary talent.** This initiative gives these singular creatives, masters in their individual fields, the tools to achieve their full potential and their work the platform it deserves.**

**Lorenzo Bertelli**  
Prada Group Head of Corporate  
Social Responsibility

## **Prada Group for UNFPA**

To further consolidate its commitment to diversity, equity and inclusion, the Prada Group and UNFPA - the United Nations sexual and reproductive health agency, which has always been committed to promoting gender equality - formally entered into the partnership in 2021 and start developing a six-month training program called "Fashion Expressions: The Stories She Wears" in collaboration with International Needs (Ghana), the Kitui County Government and the Kitui County Textile Center (Kenya).

In 2022, the pilot program was launched aiming to provide young women from Ghana and Kenya with valuable knowledge and practical skills in the fashion industry. In details, the program aims to teach relevant skills with a focus on local styles, upcycled fashion, traditional textile design and financial

literacy. At the end of the six months, the trainees hold a fashion show, the perfect opportunity to get in contact with local fashion companies, start the internships process and establish long-term employment opportunities.

The training course has also the major goal to promote a greater understanding of women's rights and reduce gender inequalities. The program provides comprehensive educational sessions in sexual and reproductive health, covering topics such as menstrual health management, puberty and prevention of teenage pregnancies. In addition, participants receive training in the prevention of and response to gender-based violence, equipping participants with valuable skills needed to help combat harmful practices, including female genital mutilation and child marriages.



We are excited to continue deepening our partnership with UNFPA to mentor and empower the next generation of female artists through the **"Fashion Expressions: The Stories She Wears"** project. It is a privilege for the Prada Group to play a role in expanding the opportunities available to aspiring young designers from around the world.

**Malika Savell**  
Chief Diversity, Equity & Inclusion  
Officer at Prada North America



## **Prada Group for Fashion Institute of Technology (FIT)**

In 2022, in an effort to support young creative talents who wish to pursue a career in the fashion industry, the Prada Group continued its collaboration with the Fashion Institute of Technology (FIT), an internationally recognized institution for education in design, fashion, art, communication and business. For the second consecutive year, the Group awarded scholarships to the two best students who are about to graduate and complete their final year at FIT.

# 5. For Culture

## Contents

- 5.1 \_ Contribute to Cultural Debate
- 5.2 \_ Further Sustainability Literacy
- 5.3 \_ Inspire Scientific Evolution
- 5.4 \_ Partnership: Prada Frames

## Highlights 2022

at December 31, 2022

3

permanent venues of  
Fondazione Prada between  
Milan and Venice

2

fellowships assigned  
with Fondazione Bonadonna

17

exhibitions and cultural  
projects realized  
in Fondazione Prada

300

secondary school  
students reached by  
Sea Beyond program



Social changes, deep economic crises, difficulties experienced by the institutions and the new paradigms introduced by technological progress have caused an ever increasing number of companies to adopt a closer approach to develop greater sensitivity to the demands of civil society. According to this principle of shared value creation, the competitiveness of a company and the wellbeing of the community in which it operates, and not only that, are strictly related. The Prada Group's commitment to culture, the most distinctive pillar of its sustainability strategy, is the tool that the Group considers most natural and closest to its identity for extending the benefits of its activities to society.

## 5.1 Contribute to Cultural Debate

### Fondazione Prada

The interests and passions in art and culture of Miuccia Prada and Patrizio Bertelli have inspired the Group to support<sup>23</sup> the multidisciplinary activities of Fondazione Prada from 1993 to the present.

Fondazione Prada was established in Milan to create contemporary art exhibitions and projects in architecture, cinema, philosophy, science and performing arts. Until 2010 it organized more than twenty exhibitions in Milan conceived by leading Italian and international artists and other exhibition projects and activities in the fields of cinema, architecture, and philosophy in Italy and abroad.

Since 2011, Fondazione Prada has also been permanently active in the Venetian venue of Ca' Corner

della Regina, an 18<sup>th</sup> century building that has undergone conservative restoration and hosted ten research exhibitions and an experimental platform dedicated to the cinema until 2022.

The exhibition program at Fondazione Prada's headquarters, opened in Milan in 2015 and designed by architecture firm OMA, included in 2022 "Useless Bodies?" by the artist duo Elmgreen & Dragset, one of the foundation's most extensive thematic exhibitions ever, which explored the condition of the body in the post-industrial era, and "Recycling Beauty," a project curated by Salvatore Settis and Anna Anguissola and designed by Rem Koolhaas, which investigates the theme of reusing Greek and Roman antiquities in post-antique contexts, from the Middle Ages to the Baroque.

Three phases of the neuroscience project "Human Brains" were developed in 2022: "Conversations", a series of online meetings, the forum "Preserving the Brain", and the exhibition "It Begins with an Idea". The three initiatives resulted from an in-depth research process undertaken by Fondazione Prada in 2018 with the support of a scientific board to understand the human brain, the complexity of its functions and its centrality in human history.

"Preserving the Brain" was a forum on neurodegenerative diseases, carried out in collaboration with thirteen of the most prestigious neuroscience institutes and universities internationally. This chapter of "Human Brains" consisted of an exhibition and scientific conference held at the Milan venue and a series of online workshops promoted by the individual research centers.

The exhibition project "It Begins with an Idea," curated by Udo Kittelmann in collaboration with Taryn Simon, traced in the spaces of Ca' Corner della Regina in Venice the history of the development of human knowledge about

<sup>23</sup>-Fondazione Prada is an external entity of the Prada Group. The collaboration between the two parties is active in the form of sponsorship.

the brain, from Mesopotamian civilizations to the 1970s. The exhibition attempted to delineate the perimeter of consciousness and questions still unresolved by scientific research. The second collaboration with the Fondazione Archivio Luigi Nono was also presented in the Venetian space. The meeting "Luigi Nono, Contrappunto dialettico alla mente" featured philosopher Massimo Cacciari, neurologist Daniela Perani and sound director Alvis Vidolin, who offered acoustic listening to the composition *Contrappunto dialettico alla mente* created by Nono in 1968.

Another collaboration in music was developed with Threes Productions, and MMT Creative Lab for the musical performance *Dies Irae* by Swedish composer Maria W Horn. The work for female vocal quartet and electronics was presented in Milan at the Church of Santa Maria Annunciata in Chiesa Rossa, which houses a light installation designed by American artist Dan Flavin and created by Fondazione Prada in 1997.

Film programming at the Milan venue has been held regularly on all weekends offering classics, premieres, rare films, and restorations. In 2022 it was marked by four special initiatives: "Soggettiva Ava DuVernay" a film selection conceived by the American writer, director, screenwriter and producer; the integral screening of the TV series, previously unreleased in Italy, *Small Axe*, introduced by its director and co-writer Steve McQueen, the outdoor film festival "Multiple Canvases" and "Soggettiva Bernardo Bertolucci - Doppia Autobiografia," an analysis of the director's filmography in the 1960s and 1970s associated with nine films by

other filmmakers who influenced his imagery and language.

Osservatorio, Fondazione Prada's outpost dedicated to photography and opened in 2016, is located on the 5th and 6th floors of one of the central buildings of Galleria Vittorio Emanuele II in Milan. In 2022, the exhibition "Role Play", curated by Melissa Harris, was presented in this space. The project explored the processes of research, projection and creation of possible alternative identities hovering between authentic, idealized, and universal selves through a selection of photographs, videos, and performances by eleven international artists. Finally, projects at Prada's historic residence Rong Zhai in Shanghai and Prada's epicentre Aoyama in Tokyo, presented by Prada with the support of Fondazione Prada, continue. Prada Rong Zhai featured "Lake Tai," a project by American artist Michael Wang who created a series of works focused on the natural and cultural heritage of the Lake Tai region and the tradition of Chinese landscape art.

Two new versions of exhibitions previously held by Fondazione Prada in Milan were organized in Tokyo: "Role Play" and "Who the Bær." The former included photographs, videos and sound works by five international artists exploring the themes of role-playing, identity manipulation and public image. The exhibition "Who the Bær," conceived by artist Simon Fujiwara, addressed a plurality of topics: from the climate crisis to cultural appropriation, from cosmetic surgery to pop art, through the experiences of a fictional character invented by the artist.



## 5.2 Further Sustainability Literacy

### Sea Beyond

Sea Beyond, promoted by the Prada Group and UNESCO's Intergovernmental Oceanographic Commission (IOC), is an educational program to raise awareness of sustainability and ocean preservation. The project - which is supported by a percentage of the proceeds from the sales of the Prada Re-Nylon collection - underscores the Prada Group's commitment to sustainable choices, in line with the United Nations 2030 Agenda and its 17 Sustainable Development Goals (SDGs). Since its debut in 2019, the project has trained more than 600 international secondary school students and, in January 2021, the Group decided to support the initiative of the United Nations Decade of Ocean Science for Sustainable Development, the Ocean Decade, as one of the first Italian signatories.

The first edition of the program, which allowed to train some students in ten cities throughout the world, ended successfully in March 2021, despite the difficulties caused by the health emergency.

In June 2021, for World Ocean Day, the Prada Group and UNESCO-IOC together announced the second edition of Sea Beyond, composed of three main initiatives: a new educational module for students all over the world, the launch of the "Kindergarten of the Lagoon" and an educational path specifically designed for the 13,000+ employees of the Prada Group.

In September 2022, Sea Beyond received the Oceans Award during the "Sustainable Fashion Awards 2022" event organized by Camera Nazionale della Moda Italiana (CNMI) in collaboration with the United Nations Ethical Fashion Initiative (EFI).



**SEA BEYOND is a long-term commitment to educate young generations to the preservation of the sea. It is a program we are not jealous of. We would like to create a platform that is also open to other partners who can help us to spread ocean literacy principles. We need cohesion and continuity to promote sustainability and ocean-literacy principles.**

**Lorenzo Bertelli**  
Prada Group Head of Corporate  
Social Responsibility

# KINDERGARTEN OF THE LAGOON



## Kindergarten of the Lagoon

On May 4, 2022, during a press conference held at Ca' Corner della Regina, the Venetian venue of Fondazione Prada, the Prada Group and UNESCO-IOC presented the "Kindergarten of the Lagoon", an educational program of outdoor lessons for children in preschool. The project was illustrated by Lorenzo Bertelli and Ana Luiza M. Thompson-Flores, Director of the UNESCO Regional Bureau for Science and Culture in Europe, at the presence of local institutions. Francesca Santoro, UNESCO Program Senior Specialist, Fabio Pranovi, professor at Università Ca' Foscari and specialist in the ecology of the Venice lagoon and Francesca Milan, expert in environmental education - active members of the Scientific Committee dedicated to the project - contributed to the discussion, explaining the educational and ecological approach at the base of the initiative.

The program is based on the principles of outdoor education, a didactic approach whose pillars are experiential learning, the environment, and the wellbeing of those involved, with the aim of creating a link between children and, in this specific case, the lagoon ecosystem.

On the International Day of Education, on January 24, 2023, has been presented the first outdoor education experience of the project for pre-school children in Venice, on Torcello Island.

## 2021/2022 Educational Module

Ten schools from Brazil, China, Italy, Mexico, Peru, Portugal, South Africa and the United Kingdom joined the second edition of Sea Beyond.

From autumn 2021 to spring 2022, students took part in a cycle of lessons to learn more about the Ocean Decade for Sustainable Development and they experienced a virtual reality content dedicated to the project to discover the Prada Group's commitment towards the ocean. They also participated in an international contest, to freely interpret one of the ten Ocean Decade challenges.

The event, moderated by marine advocate Patricia Furtado de Mendonça, was held in Lisbon on June 29, 2022, on the occasion of the UN Ocean Conference.

The jury - composed by Enzo Barracco, photographer and climate artist; Lorenzo Bertelli, Prada Group Head of Corporate Social Responsibility; Fabien Cousteau, aquanaut, oceanographic explorer and environmental advocate; Kerstin Forsberg, marine scientist and social entrepreneur; Valentina Gottlieb, environmental influencer and activist; Vladimir Ryabinin, Executive Secretary of the Intergovernmental Oceanographic Commission and Assistant Director General of UNESCO; and Hugo Vau, athlete, ocean explorer and surfer - awarded the students of the three winning schools. The Newton College of Lima (Peru) won first place and attended the event in Lisbon; second place for the Shanghai High School International Division (China) and third place for Marcelline Tommaseo, Milan (Italy).

## Prada Group's 13,000 + Employees' Educational Path

The Prada Group signed an agreement with AWorld to actively engage its employees on a global scale and foster the principles of ocean literacy and ocean preservation, while encouraging sustainable practices. AWorld is an Italian start-up identified as the official platform in support of ACTNOW, the United Nations campaign for individual action on climate change and sustainability. Through its dedicated app, AWorld encourages people to take sustainable actions and enjoy interactive training activities.

## Prada Group and UNESCO-IOC Support the Digitization of the MuMa - Milazzo Sea Museum

On June 8, 2022, on World Ocean Day, the Prada Group, in partnership with UNESCO-IOC, announced the digitization of spaces and contents of the MuMa - Milazzo Sea Museum. The contribution made it possible to create a wide range of interactive content including: a Virtual Tour, touch-screen totems, a digital Museum Guide, multimedia adaptations to make the contents accessible to people with visual and hearing disabilities, interactive educational games, virtual reality experiences and multimedia art installations.

The project called "Let's digitize MuMa" was awarded the prestigious EU4Ocean prize by the European Commission's Directorate-General for Maritime Affairs and Fisheries (DG Mare) on European Maritime Day (EMD) 2022 in Ravenna.



## 5.3 Inspire Scientific Evolution

### Fondazione Bonadonna

From 2018, the Prada Group is supporting partner of the Gianni Bonadonna Foundation for the therapeutic and scientific research project in the field of oncology conceived by Fondazione Bonadonna.

The purpose of this program is to give continuity to the work of Gianni Bonadonna, the great Italian oncologist, a leading figure in the international panorama of oncological medicine, who has innovated every aspect of research and therapies, allowing to reach enormous progress and concrete clinical successes in the treatment of neoplasia. His research and discoveries have inspired and influenced the approach to cancer therapy of entire generations of doctors in Italy and around the world.

The project involves the support of a multidisciplinary teams of doctors and researchers dedicated to studying and developing new treatments for cancer patients, and a fellowship program for young oncologists in partnership with universities across the world, hospitals and leading research centers, providing an effective way to expand the exchange of scientific ideas.

With the belief that promoting training of new generations of medical researchers in oncology in international centers of excellence is a key aspect of progress in cancer treatment, in February 2022, on the occasion of the International Day of Women in Science, thanks to the support of the Prada Group, Fondazione Gianni Bonadonna, and Fondazione AIRC presented the two young researchers, winners of the first Call for Fellowship, Gianni Bonadonna: Gaia Giannone and Stefania Morganti.

Gaia Giannone will work on ovarian cancer at the Imperial College in London. Her project will focus on high-grade serous ovarian carcinoma, the most frequent and aggressive cancer of this kind. The aim is to identify mutations that occur during tumor progression and the development of resistance, in order to offer more precise therapies to patients at each stage of the disease.

Stefania Morganti will move to the Dana Farber Cancer Institute in Boston, for research on HER2-positive metastatic breast cancer. The aim of her research project is to deepen the studies on minimal residual disease as a possible indicator of long-term response to therapy. More adequate treatment strategies based on specific characteristics of the tumors may emerge in this way, for the benefit of patients.

Both research projects will contribute to the advancement of knowledge on ovarian and breast cancer and to an improvement in patients' treatments and quality of life. Thus, one of the most ambitious aims of this partnership is now realized: to train a new generation of clinician scientists, which will be able to combine the expertise and knowledge of basic research with a solid clinical preparation, to be made available to cancer patients.

Given the success of the first call for applications and the high quality of the applications received, a second fellowship was announced in April 2022, resulting in the identification of a candidate later in the year for the quality of CV, proposed research project, as well as the host institution.

**Education and culture are essential tools that help us not only to understand ourselves and the world we live in but also push us to explore what we do not know. I am happy that the Prada Group can support a new generation of excellent researchers in their study and education path alongside the Gianni Bonadonna Foundation.**

Miuccia Prada

## 5.4 Partnership: Prada Frames

In line with the Prada Group's progressive and increasingly significant commitment to further sustainability culture, in June 2022, during the Design Week in Milan, a multidisciplinary symposium called Prada Frames was presented with the aim to investigate the complex relationship between environmental sustainability and design.

Gathering the valuable contribution of scholars and professionals such as scientists, architects, designers, artists, activists, anthropologists and legal experts, the initiative wanted to represent a collective moment of reflection on the forest ecosystem and analyzed the wood industry today to reflect on the role of design and science as agents of change.

The program has been curated by Formafantasma, a research and design studio based in Milan and Rotterdam that focuses on design's historical, political, and social implications. Formafantasma also applies a critical approach to materials and their use in production processes.



# 6. Notes on the Methodology

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and Emissions Factors

6.3 \_ Materiality Analysis



## 6.1 Scope and Reporting Standard

This document is the Prada Group's tenth Sustainability Report, the fifth according to the GRI Standards, incorporating the new requirements of the GRI standards updated in 2021. The Report contains a description of the main initiatives undertaken in the fiscal year 2022 (i.e. from January 1 to December 31, 2022) and the performance trends for the three-year period 2020-2021-2022 where available; if data already disclosed in previous years have been changed, this has been indicated in the text, including the reasons for the restatements. Where environmental data were unavailable, conservative estimates were used that resulted in choosing assumptions associated with the least positive environmental performance for the Company.

Particularly significant initiatives and events of the 2023 fiscal year already known at the reporting date are also included.

The performance indicators were collected on an annual basis and the reporting cycle is set according to an annual frequency. The reporting boundary and reporting period are the same as the information reported in the 2022 Annual Report of Prada S.p.A. and its subsidiaries. Prada S.p.A., together with its subsidiaries collectively the "Prada Group", is a joint-stock company with limited liability incorporated and domiciled in Italy with headquarters in Via Antonio Fogazzaro 28, 20135 Milan, whose share capital is 80%-owned by Prada Holding S.p.A., a company domiciled in Italy, while the remaining shares (20%) are listed on the Main Board of the Hong Kong Stock Exchange (HKSE). Prada S.p.A. has reported in accordance with the GRI Standards 2021 for the period from January 1 to December 31, 2022. References to the Hong Kong Stock Exchange's ESG Reporting Guide (Main Board Listing Rules - Appendix 27) are listed in the Content Index<sup>24</sup>.

This Sustainability Report aims to transparently disclose the Group actions, targets and information regarding the material topics identified as per guidelines of the GRI Standards.

All corporate functions of the Group were involved in the elaboration of the 2022 Sustainability Report, by following the adopted procedure "Guidelines for the preparation of the annual Sustainability Report" approved by the Board of Directors in 2019, which indicates the principles to be followed (materiality, measurability, impartiality, coherence, consistency) and the responsibilities for drawing up the document.

24-In this Report no reference is made to the following "Comply or Explain" provisions: KPI B1.2 (related to "Employment"), KPI B2.2 (related to "Health and Safety"), KPI B6.4 (related to "Product Responsibility"), KPI B6.5 (related to "Data Privacy") and KPI B7.3 (related to "Anti-corruption"). The Prada Group is committed to extending the scope of its ESG reporting in compliance with the ESG Reporting Guide of the Hong Kong Stock Exchange.

## 6.2 GHG Calculation Methodology and Emissions Factors

The Company's GHG Inventory, also referred to as Carbon Footprint, has been drafted for 2019, 2021 and 2022, while for 2020 are disclosed data only related to Scope 1 and 2 emissions. The draft of Prada Group's GHG Inventory is aligned with the GHG Protocol.

The Group adopts an operational control approach to consolidate its GHG emissions. The only exclusion is related to Marchesi 1824 S.r.l. and its UK subsidiary, considering the low impact in terms of emissions, the size of the business and the fact that Marchesi is not characterized by energy-intensive or emission-intensive processes owning only pastry shops.

The Group includes in its GHG Inventory the following categories of emissions:

- **Scope 1 emissions:** that refers to Prada's direct GHG emissions, i.e. those that physically occur within its boundaries from owned or controlled sources;
- **Scope 2 emissions:** that refers to Prada's emissions associated with the generation of electricity purchased for own consumption. Emissions related to purchased electricity are calculated with two different approaches:
  - **Location-based:** that reflects the average emission intensity of national grids, considering both renewable and non-renewable productions. The GHG emissions are calculated using an average emission factor that refers to the national electricity mix: the higher the share of renewable energies used by a specific country the lower the related emission factor;
  - **Market-based:** that considers the share of certified electricity purchased from renewable sources. To be considered as renewable, the electricity purchased should be covered by contractual instruments such as Guarantees of Origin (GoOs). The part of electricity purchased covered by GoOs is considered as zero emissions, while the remaining part is multiplied by a factor called residual mix, which takes into consideration the emissions intensity of national grids considering only non-renewable production.
- **Scope 3 emissions:** that refers to Prada's indirect GHG emissions that are a consequence of the Company's activities, but which derive from sources not owned or controlled by Prada.

In the table below are summarized all categories and sources of GHG emissions of Prada.

## Operational Boundaries

Scope	Category and Sources
<b>Scope 1</b> Direct GHG emissions	<p><b>Stationary Combustion:</b> combustion of fuels in stationary equipment (e.g. natural gas in heating systems) related to assets owned or controlled by the Group (logistics and manufacturing sites<sup>25</sup>).</p> <p><b>Mobile Combustion:</b> Company's car fleet fuel combustion (owned or leased).</p> <p><b>Fugitive Emissions:</b> leakages of refrigerant gases (F-gas) from air-conditioning and refrigeration units related to assets owned or controlled by the Group (headquarters, offices, logistics and manufacturing sites, stores<sup>26</sup>).</p>
<b>Scope 2</b> Energy indirect GHG emissions	<p><b>Stationary Combustion:</b> electricity purchased from the national grid related to assets owned or controlled by the Group (headquarters, offices, logistics and manufacturing sites, stores).</p> <p><b>Mobile Combustion:</b> electricity purchased for Company's car fleet (owned or leased).</p>
<b>Scope 3</b> Other indirect GHG emissions	<p><b>Purchased Goods<sup>27</sup> and Services (cat. 1):</b>            Raw materials and accessories used for production.            Scope 1 and 2 GHG emissions of suppliers of finished and semi-finished products related to the production outsourced by the Company: combustion of fuels in stationary equipment and electricity purchased from the national grid.            Packaging.</p> <p><b>Fuel and Energy Related Activities (cat. 3):</b>            Upstream emissions of purchased fuels.            Upstream emissions of purchased electricity.            Transmission and distribution (T&amp;D) losses related to purchased electricity.</p> <p><b>Upstream Transportation and Distribution (cat. 4):</b>            Transportation of materials purchased by the Company.            Transportation of raw materials/semi-finished products to the network of suppliers of finished and semi-finished products and back.            Distribution of final products (when costs are paid by the Company).</p> <p><b>Waste Generated in Operations (cat. 5):</b> disposal/recycling of waste generated by the manufacturing sites<sup>28</sup>.</p> <p><b>Business Travel (cat.6):</b> transportation of employees for business-related activities (transports included: plane, train, ferry, private car and rented car<sup>29</sup>).</p> <p><b>Employee Commuting (cat.7):</b> transportation of Group's employees for daily commuting from home to the Prada Group's facility in which they work.</p> <p><b>Upstream Leased Assets (cat. 8):</b> emissions associated with activities that take place in Directly Operated Stores, such as department stores and outlets with the same characteristics. In particular, in this category, GHG emissions associated with electricity consumption and F-gas losses within department stores are included.</p> <p><b>Investments (cat. 15):</b> emissions relating to the energy consumption of companies in which the Prada Group has a minority interest, allocated on a proportional basis considering the % interest held.</p>

25-The natural gas consumed in offices and stores have been considered as not material and not included in the calculation.

26-For Scope 1 and 2 calculations, emissions related to street-level stores (including outlets) are included, while department stores (including outlets) are included in Scope 3 (category 8: upstream leased assets).

27-Emissions related to finished products have not been included as they represent a minor part of the Prada Group's total procurement.

28-Waste generated by retail and offices is not included in the Operational Boundaries calculation considering that is negligible.

29-Business travels done with vehicles part of Prada's fleet are not included in this category considering that are already considered in Scope 1 emissions.

Displayed in the table below are the details related to emission factors used for each GHG source:

## GHG Emissions Scope 1

Source	Activity Data	Main emission factors used (2019-2022)	GWP-100
Natural gas purchased for heating and other purposes	Volume [m <sup>3</sup> ]	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2020, 2021, 2022	CO <sub>2</sub> equivalent emissions were considered
Diesel, Petrol, LPG, Aviation turbine fuel purchased for vehicle fleet	Litres	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2020, 2021, 2022	CO <sub>2</sub> equivalent emissions were considered
Refrigerant Gases	Refrigerant gas refilled [kg]	-	Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR5)

## GHG Emissions Scope 2

Source	Activity Data	Main emission factors used (2019-2022)	GWP-100
Electricity purchased from each country (for location-based method)	Electricity purchased [kWh]	Terna, International comparisons, data 2017, 2018, 2019	Only CO <sub>2</sub> emissions were considered
Electricity purchased from each country not covered by GoOs certificates (for market-based approach)	Electricity purchased [kWh]	AIB - European Residual Mixes, 2018, 2019, 2020, 2021  For USA: Green-e Energy Residual Mix emission factors 2018 and 2020	Only CO <sub>2</sub> emissions were considered

## GHG Emissions Scope 3

Source	Activity Data	Main emission factors used (2019-2022)	GWP-100
Raw materials purchased (Cat. 1)	Kg of raw materials, accessories, packaging purchased	Ecoinvent, v.3.9.1  DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Leather purchased (Cat. 1)	m <sup>2</sup> of raw leather purchased	Leather Carbon Footprint- Review of the European Standard EN 16887:2017  United Nations - Industrial Development Organization	CO <sub>2</sub> equivalent emissions were considered
Natural gas purchased by suppliers of finished and semi-finished products for heating and other purposes (Cat. 1)	Volume [m <sup>3</sup> ]	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Diesel and LPG, purchased by suppliers of finished and semi-finished products (Cat. 1)	Litres	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered

Source	Activity Data	Main emission factors used (2019-2022)	GWP-100
Electricity purchased by suppliers of finished and semi-finished products not covered by GoOs certificates (Cat. 1)	Electricity purchased [kWh]	AIB - European Residual Mixes, 2018, 2021	Only CO <sub>2</sub> emissions were considered
Fuel and energy related activities (Cat. 3)	Fuel and electricity purchased (m <sup>3</sup> , l or kWh)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Upstream logistics and distribution (Cat. 4)	Km covered by air, truck or ship multiplied by total shipped weight (ton*km)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Waste disposed or recovered (Cat. 5)	Kg of waste disposed or recovered	Ecoinvent, v.3.9.1 DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Business travel by air, train and ferry (Cat. 6)	Km travelled by each passenger	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Business travel by car (Cat. 6)	Km	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Employees commuting (Cat. 7)	Km travelled by each passenger by car, bus, rail	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Electricity purchased by suppliers managing dept. stores not covered by GoOs certificates (Cat.8)	Electricity purchased [kWh] - market-based method	AIB - European Residual Mixes, 2018, 2021	Only CO <sub>2</sub> was considered
Refrigerant gases used in dept.stores (Cat.8)	Refrigerant gas refilled [kg]		Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR5)
Electricity purchased not covered by GoOs certificates by companies in which the Prada Group has a minority interest (Cat. 15)	Electricity purchased [kWh] - market-based method	AIB - European Residual Mixes, 2018, 2021	Only CO <sub>2</sub> was considered
Natural gas purchased from companies in which the Prada Group has a minority interest (Cat. 15)	Volume [m <sup>3</sup> ]	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered
Diesel acquired by companies in which the Prada Group has a minority interest (Cat. 15)	Litres	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2019, 2022	CO <sub>2</sub> equivalent emissions were considered

## 6.3 Materiality Analysis

According to the GRI Standards and HKSE ESG Reporting Guide organizations that draw up sustainability reports are required to define the content on which to set up reporting after the identification of the material topics. As defined by the new GRI Standards material topics are topics that represent an organization's most significant impacts on the economy, environment and people, including impacts on their human rights.

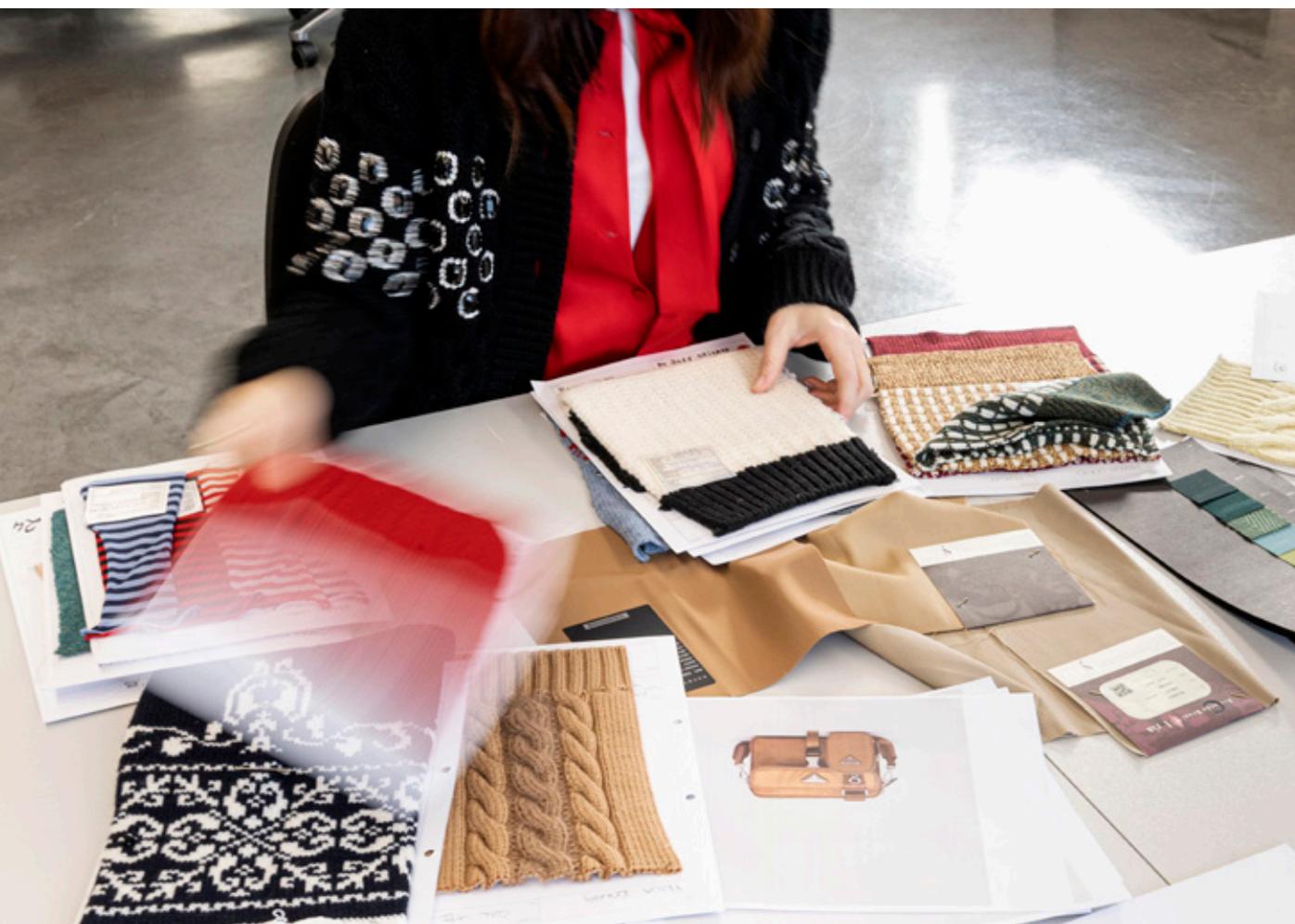
In fact, the identification of material issues for Prada is of fundamental importance representing the key contents that must be addressed within the Report and, in general, in the context of sustainability communication. As already described in chapter 1 paragraph 5 "Stakeholders and Materiality Analysis", during 2022 the Prada Group updated its materiality analysis, carrying out four main phases:

- **Understanding Prada Group context**, including an analysis of the main competitors of the Group, of the media coverage of the Group and of the main sustainability trends with a particular focus on the fashion industry.
- **Identifying actual and potential impacts**, considering impacts on the economy, environment and people, including impacts on their human rights, across the organization's activities and business relationships.

These impacts include negative and positive impacts, short-term and long-term impacts, intended and unintended impacts, and reversible and irreversible impacts.

- **Assessing the significance of the impacts**, considering the severity and the likelihood of each impact. In particular, the severity is determined by the scale (how severe the impact is and the external context in which the impact occurs), the scope (how widespread it is on the value chain) and its irremediability (how difficult it is to repair the damage generated by the impact).
- **Prioritizing the most significant impacts for reporting and identifying the material topics**, setting a threshold to determine which topics are material.

The Prada Group's Head of Corporate Social Responsibility formally approved its material topics during the Sustainability Committee held on March 2, 2023. The results of the materiality analysis are reflected in the list of material topics listed in chapter 1 paragraph 5 "Stakeholders and Materiality Analysis", which represent the most significant topics in terms of the organization's positive and negative impacts on the environment, society and people.



## Correlation between Material Topics, GRI Standards and HKSE Subject Areas

Area	Material Topic	GRI Standards Topic	HKSE Subject Areas
Environment	Biodiversity & Animal Welfare	301 - Materials (2016)	Aspect A2: Use of Resources Aspect A3: The Environment and Natural Resources Aspect B5: Supply Chain Management
		308 - Supplier Environmental assessment (2016)	
	Climate Change	302 - Energy (2016)	Aspect A1: Emissions Aspect A2: Use of Resources Aspect A4: Climate Change
		305 - Emissions (2016)	
	Product End-of-life	Not GRI	Aspect A2: Use of Resources
	Waste Management	306 - Waste (2020)	Aspect A1: Emissions Aspect A3: The Environment and Natural Resources
Water Resources	303 - Water and effluents (2018)	Aspect A2: Use of Resources Aspect B5: Supply Chain Management	
	308 - Supplier Environmental assessment (2016)		
People	Diversity & Inclusion	405 - Diversity and Equal opportunities (2016)	Aspect B1: Employment
		406 - Non-discrimination (2016)	
	Human Rights	401 - Employment (2016)	Aspect B1: Employment Aspect B4: Labour Standards Aspect B5: Supply Chain Management
		408 - Child Labor (2016)	
		409 - Forced or Compulsory Labor (2016)	
		414 - Supplier Social assessment (2016)	
		406 - Non-discrimination (2016)	
	Occupational Health & Safety	403 - Occupational Health and Safety (2018)	Aspect B2: Health and Safety
	Sustainability Education	Not GRI	-
	Training & Education	404 - Training and Education (2016)	Aspect B3: Development and Training
Business & Ethics	Anti-Corruption	205 - Anti-corruption (2016)	Aspect B7: Anti-corruption
	Consumer Health & Safety	416 - Customer Health and Safety (2016)	Aspect B6: Product Responsibility
	Marketing & Labeling	417 - Marketing and Labeling (2016)	Aspect B6: Product Responsibility
Community	Artistic & Cultural Heritage	Not GRI	Aspect B8: Community Investment
	Craftsmanship and Savoir-faire	Not GRI	-
	Scientific Evolution	Not GRI	Aspect B8: Community Investment

# 7. Content Index



Statement of use: the Prada Group has reported in accordance with the GRI Standards for the 12-month period January 1 – December 31, 2022.

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): N/A

## Material topics - Specific Standards disclosure

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement (s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details		Pag. 127			
	2-2 Entities included in the organization's sustainability reporting		Pag. 127			
	2-3 Reporting period, frequency and contact point		Pag. 127, 143			
	2-4 Restatements of information		Pag. 127			
	2-5 External assurance		This Report is not subject to External Assurance.			
	2-6 Activities, value chain and other business relationships		Pag. 6-20			
	2-7 Employees		Pag. 91-98			
	2-8 Workers who are not employees				Information unavailable/incomplete.	Data collection not deemed relevant due to a very limited number of workers who are not employees.
	2-9 Governance structure and composition		Pag. 30-35			
	2-10 Nomination and selection of the highest governance body		Pag. 34			
	2-11 Chair of the highest governance body		Pag. 33			
	2-12 Role of the highest governance body in overseeing the management of impacts		Pag. 32-39			
	2-13 Delegation of responsibility for managing impacts		Pag. 32-39			
	2-14 Role of the highest governance body in sustainability reporting		Pag. 35, 38-39			
	2-15 Conflicts of interest		Pag. 37			
	2-16 Communication of critical concerns		Pag. 38-39			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body		Pag. 32			
	2-18 Evaluation of the performance of the highest governance body			The Board of Directors is currently not subject to formal procedures of evaluation in overseeing the management of the organization's impacts on ESG topics.		
	2-19 Remuneration policies		Pag. 34			
	2-20 Process to determine remuneration		Pag. 34			
	2-21 Annual total compensation ratio				Confidentiality constraints.	
	2-22 Statement on sustainable development strategy		Pag. 3-5			
	2-23 Policy commitments		Pag. 50			
	2-24 Embedding policy commitments		Pag. 50			
	2-25 Processes to remediate negative impacts		Pag. 4-5, 11-12, 22-23, 88			
	2-26 Mechanisms for seeking advice and raising concerns		Pag. 40			
	2-27 Compliance with laws and regulations		Pag. 50			
	2-28 Membership associations			The Group's main memberships are: Camera Nazionale della Moda Italiana (CNMI), Assolombarda, Assonime, Confindustria Toscana, The Fashion Pact, Textile Exchange and Leather Working Group (LWG).		
	2-29 Approach to stakeholder engagement		Pag. 24			
2-30 Collective bargaining agreements		Pag. 110				

## Material topics

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>Economic Performance Indicators</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics		Pag. 25-29, 131-132			
	3-2 List of material topics		Pag. 25-29			
<b>ANTI-CORRUPTION</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B7	Pag. 40-42, 50			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	KPI B7.1 KPI B7.2	Pag. 50			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>Environmental Performance Indicators</b>						
<b>MATERIALS</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. A2	Pag. 74-75			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	KPI A2.5 KPI A3.1	Pag. 74-75			
<b>ENERGY</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. A2	Pag. 62-72			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	KPI A2.1	Pag. 69			
	302-4 Reduction of energy consumption	KPI A2.3	Pag. 69			
<b>WATER AND EFFLUENTS</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. A2	Pag. 74-76			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource		Pag. 75-76			
	303-2 Management of water discharge-related impacts		Pag. 75-76			
	303-3 Water withdrawal	KPI A2.2 KPI A2.4	Pag. 76			
<b>EMISSIONS</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. A1 G.D. A4	Pag. 62-72			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2	Pag. 70			
	305-2 Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	Pag. 70			
	305-3 Other indirect (Scope 3) GHG emissions	KPI A1.1	Pag. 71-72			
	305-5 Reduction of GHG emissions	KPI A1.5 KPI A4.1	Pag. 62-72			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>WASTE</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. A1 G.D. A3	Pag. 76-90			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	KPI A3.1	Pag. 76			
	306-2 Management of significant waste-related impacts	KPI A1.6 KPI A3.1	Pag. 76			
	306-3 Waste generated	KPI A1.3 KPI A1.4	Pag. 77-78			
	306-4 Waste diverted from disposal	KPI A1.3 KPI A1.4	Pag. 77-78			
	306-5 Waste directed to disposal	KPI A1.3 KPI A1.4	Pag. 77-78			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B5	Pag. 55-56			
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3 KPI B5.4	Pag. 55-56			
<b>PRODUCT END-OF-LIFE</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics		Pag. 80-90			
<b>Social Performance Indicators</b>						
<b>EMPLOYMENT</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B1	Pag. 91-101			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Pag. 96, 110-113			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>OCCUPATIONAL HEALTH AND SAFETY</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B2	Pag. 106-110			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	G.D. B2 KPI B2.3	Pag. 106-110			
	403-2 Hazard identification, risk assessment, and incident investigation	G.D. B2	Pag. 108			
	403-3 Occupational health services	KPI B2.3	Pag. 106-110			
	403-4 Worker participation, consultation, and communication on occupational health and safety		Pag. 106-110			
	403-5 Worker training on occupational health and safety	KPI B2.3	Pag. 109			
	403-6 Promotion of worker health		Pag. 110			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	KPI B2.3	Pag. 109-110			
	403-9 Work-related injuries	KPI B2.1	Pag. 108			
<b>TRAINING AND EDUCATION</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B3	Pag. 102-106			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	KPI B3.1 KPI B3.2	Pag. 105			
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B1	Pag. 33-35, 98-101			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	KPI B1.1	Pag. 33-35, 98-101			
	405-2 Ratio of basic salary and remuneration of women to men	G.D. B1	Pag. 100			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>NON-DISCRIMINATION</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B1	Pag. 98-101			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	G.D. B1	The Company is not aware of any episode of discrimination in 2022.			
<b>CHILD LABOR</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B4	Pag. 50, 109			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	KPI B4.1 KPI B4.2	Pag. 50, 109			
<b>FORCED OR COMPULSORY LABOR</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B4	Pag. 50, 55-56, 109			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	KPI B4.1 KPI B4.2	Pag. 50, 109			
<b>SUPPLIER SOCIAL ASSESSMENT</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B5	Pag. 55-56			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3	Pag. 56			
<b>CUSTOMER HEALTH AND SAFETY</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B6	Pag. 60			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	G.D. B6 KPI B6.1 KPI B6.2	Pag. 60			
<b>MARKETING AND LABELING</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	G.D. B6	Pag. 60			
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	G.D. B6 KPI B6.3	Pag. 60			

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>SUSTAINABILITY EDUCATION</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A	Pag. 102, 121-123			
<b>ARTISTIC &amp; CULTURAL HERITAGE</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	KPI B8.1	Pag. 118-120			
<b>CRAFTSMANSHIP AND SAVOIR-FAIRE</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A	Pag. 102-104			
<b>SCIENTIFIC EVOLUTION</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	KPI B8.1	Pag. 124-125			

## Additional other Topics Disclosed

GRI Standards	Disclosure	Reference to HKSE ESG Reporting Guide	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
<b>Economic Performance Indicators</b>						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	KPI B8.2	Pag. 9			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	KPI B5.1	Pag. 53-54			
<b>Social Performance Indicators</b>						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.2 KPI B6.5	The Company is not aware of any episode of data breach in 2022.			

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